

## Factors That Influence Work Quality

Richard Alex Stepanus Sinaga<sup>1</sup>, Mesra B<sup>2</sup>

Universitas Pembangunan Panca Budi, Indonesia

\*Correspondence Email: mesrab@dosen.pancabudi.ac.id

### Abstract

This study aims to analyze the impact of compensation on work motivation and work quality at BPJS Ketenagakerjaan Regional Office of North Sumatra. Compensation is considered a critical factor influencing employee work motivation, which in turn affects work quality. This quantitative research involves a saturated sample of 80 permanent employees. Data were collected using questionnaires, and the analysis was conducted using Structural Equation Modeling (SEM) based on Partial Least Square (PLS). The results indicate that compensation has a positive and significant effect on work quality but does not significantly affect work motivation. Moreover, work motivation positively and significantly impacts work quality. Compensation also indirectly influences work motivation through work quality. These findings provide important implications for company management in efforts to improve work quality through appropriate compensation policies and maintaining employee motivation.

**Keywords:** Compensation, Work Motivation, Work Quality, BPJS Ketenagakerjaan.

## INTRODUCTION

In improving employee performance, compensation is given, where compensation here has a positive influence because compensation is the main target for employees. If the compensation given does not match what is done, then they as employees will have poor performance. The compensation variable indicators according to Hasibuan's dimensions are divided into 2 parts, namely direct and indirect compensation (Fauziah et al., 2016). Compensation is given as a reward by the company to employees who have carried out their duties and responsibilities. (Yandi, A. at el.2022), (Ardianto, R. at el. 2022), (Syamsudin, H.at el, 2020). Work motivation according to Siagian in Arifin's research is a driving force for someone to provide work enthusiasm so that the goals of the organization can run (Arifin & Nurcaya, 2018). Employee performance will be low if it is not based on work motivation, and vice versa if employees work based on work motivation, the level of employee performance will be high. According to Alderfer, in Bangun there are several indicators in the work motivation variable, namely (Hasmalawati & Hasanati, 2017): existence, relationships, and growth. Every employee certainly has a different work motivation, so it is certain that the difference in work motivation can result in different work enthusiasm. Quality of work life is the ability of employees to meet their personal needs through the experiences they learn in a company. The quality of work life is very important because the better the quality of work life, the more satisfied employees will be with their work in the workplace. The problems that are the focus of this study are the lack of compensation, work motivation and work quality that will have an impact on employee career development, besides that is there a role for compensation in the variables of Work motivation and work quality on career development.

### **Formulation of the problem**

1. Whether Compensation influences work motivation in BPJS Employment North Sumatra Regional Office?
2. Whether Compensation affects the Quality of Work in BPJS Employment North Sumatra Regional Office?
3. Whether Work Motivation Influences Work Quality in BPJS Employment North Sumatra Regional Office?
4. Whether Does Compensation Influence Work Quality through Work Motivation at BPJS Employment, North Sumatra Regional Office?

### **Research purposes**

1. To find out and analyze the influence Compensation for Work Motivation at BPJS Employment, North Sumatra Regional Office.
2. To find out and analyze the influence Compensation for Work Quality at BPJS Employment, North Sumatra Regional Office.
3. To find out and analyze the influence Work Motivation on Work Quality at BPJS Employment, North Sumatra Regional Office.
4. To find out and analyze the influence Compensation for Work Quality through Work Motivation at BPJS Employment, North Sumatra Regional Office.

## **LITERATURE REVIEW**

### **Quality of Work**

Quality of work is giving employees the opportunity to make decisions about work, workplace design, and what employees need to create a product or service effectively. (Priyono, 2020), (Hasmalawati, N. 2018). According to Flippo (2005:28) work quality is a result that can be measured by the effectiveness and efficiency of a job carried out by human resources or other resources in achieving company goals or objectives properly and effectively. According to Jahani in Aminizadeh et al. (2022), Quality of work life is the ability of employees to meet their personal needs through the experiences they learn in a company.

### **Work Quality Indicators**

According to Aminizadeh et al. (2022), the indicators of work quality are as follows:

- a. Employee capabilities
- b. Personal needs
- c. Experience

### **Compensation**

Compensation has a significant influence on motivation. (Ismail, T. at el, 2016), (Intan, FS at el, 2017). According to Hasibuan (2017), compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services

provided to the company. Compensation has a significant influence on motivation. (Ismail, T. at el, 2016), (Intan, FS at el, 2017).

### **Compensation indicators**

According to Hasibuan (2017) as follows:

- a. Salary is a reward in the form of money received by employees as a consequence of their position as an employee who contributes energy and thoughts in achieving the company's goals. It can also be said as a fixed payment received by someone from their membership in a company.
- b. Wages are direct financial rewards paid to employees based on hours worked, the amount of goods produced or the amount of services rendered. So unlike salaries which are relatively fixed, the amount of wages can vary depending on the output produced.
- c. Incentives/Bonuses are direct rewards paid to employees for performance exceeding specified standards. Incentives are another form of direct wages outside wages and salaries which are fixed compensation, which can be called compensation based on performance (pay for performance plan)

### **Work motivation**

Every activity carried out by a person must have a factor that drives the activity itself. According to Sutrisno (2019), motivation is a factor that drives a person to carry out a certain activity, therefore motivation is often interpreted as a factor that drives a person's behavior.

### **Work Motivation Indicators**

According to Sutrisno (2019) the work motivation indicators are as follows:

#### 1. Job satisfaction

Job satisfaction is an employee's attitude towards work related to the work situation, cooperation between employees, rewards received in work, and matters relating to physical and psychological factors.

#### 2. Achievements achieved

Job performance is a record of the results obtained from certain job functions or certain activities during a certain period of time.

#### 3. Opportunity to advance

Recognition from others is the desire to get a higher wage than usual.

#### 4. Career development possibilities

Career development opportunities are the process of improving employees' technical, theoretical, conceptual and moral skills through education and training.

#### 5. Responsibility

The opportunity to advance is the desire to get fair compensation according to the job.

#### 6. Recognition from others

Responsibility is a person's attitude or behavior in carrying out tasks and obligations that must be done for oneself, society and the environment.

## Conceptual Framework

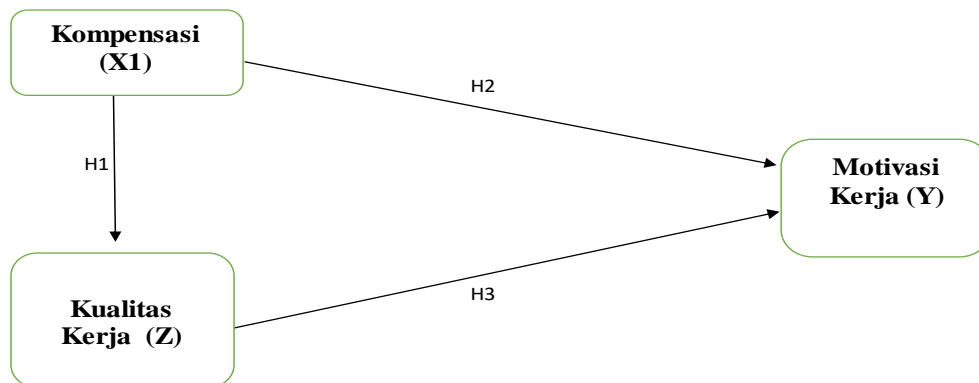


Figure 1. Conceptual Framework of Research

## Research Hypothesis

The hypothesis in this study is as follows:

- H1: Compensation has a positive effect on Work Motivation at the BPJS Ketenagakerjaan North Sumatra Regional Office.
- H2: Compensation has a positive effect on Work Quality at the BPJS Employment Office of the North Sumatra Region.
- H3: Work motivation has a positive effect on work quality at the BPJS Employment Office of the North Sumatra Region.
- H4: Compensation has a positive effect on Work Quality through Work Motivation at the BPJS Employment Office of the North Sumatra Region.

## METHOD

### Types of research

The type of research used by researchers is quantitative research. According to Sugiyono (2017) quantitative research can be interpreted as a method based on the philosophy of positivism, used to research a particular population or sample, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the established hypothesis.

### Research Location and Research Time

The location of the research was conducted at the BPJS Ketenagakerjaan Regional Office of North Sumatra on Jalan Kapten Pattimura No.334, Floor I, Medan, North Sumatra. The research period was carried out for 3 months.

### Population and Sample

According to Sugiyono (2017) population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers

to be studied and then conclusions drawn. The population and sample in this study were all permanent employees at the BPJS Ketenagakerjaan North Sumatra Regional Office totaling 80 employees (saturated sample).

### Research Data Sources

The data sources used in this research are primary data.

### Operational Definition of Research Variables

**Table 1. Operational Definition of Variables**

Variable Types	Definition	Indicator
Quality of Work (Y)	According to Jahani in Aminizadeh et al. (2022), Quality of work life is the ability of employees to fulfill their personal needs through the experiences they learn in a company.	According to Aminizadeh et al. (2022), the indicators of work motivation are as follows: <ul style="list-style-type: none"> <li>▪ Employee capabilities</li> <li>▪ Personal needs Experience</li> </ul>
Compensation (X)	According to Hasibuan (2017), compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services provided to the Company.	According to Hasibuan (2017), the compensation indicators are as follows: <ul style="list-style-type: none"> <li>▪ Wages.</li> <li>▪ Wages.</li> <li>▪ Incentives/Bonuses are</li> </ul>
Work Motivation (Z)	According to Sutrisno (2019), motivation is a factor that drives someone to do a certain activity, therefore motivation is often interpreted as a factor that drives someone's behavior. Every activity carried out by someone must have a factor that drives the activity.	According to Sutrisno (2019), the indicators of work motivation are as follows: <ul style="list-style-type: none"> <li>• Job satisfaction</li> <li>• Achievements achieved</li> <li>• Opportunity to advance</li> <li>• Career development possibilities</li> <li>• Responsibility</li> <li>• Recognition of others</li> </ul>

### Data Analysis Techniques

Data analysis in this study uses Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.3.3 software. According to (Gozali, 2014) Partial Least Square (PLS) is a fairly strong analysis method because it is not based on many assumptions.

### ***Measurement Model (Outer Model)***

The procedure in testing the measurement model consists of validity testing and reliability testing.

1. Validity Test
  - a. Convergent Validity
  - b. Discriminant Validity
2. Reliability Test

The Cronbach's alpha value is recommended to be greater than 0.7 and the composite reliability is also recommended to be greater than 0.7 (Sekaran, 2014).

### ***Structural Model (Inner Model)***

This test is conducted to determine the relationship between exogenous and endogenous constructs that have become hypotheses in this study (Hair et al., 2017). To produce inner model test values, the steps in SmartPLS are carried out using the bootstrapping method. The structural model is evaluated using R-square for the dependent variable, the Stone-Geisser Q-square test for predictive elevation and the t-test and significance of the structural path parameter coefficients with the following explanation:

1. Coefficient of Determination / R Square (R<sup>2</sup>)

In assessing the model with PLS, it begins by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation in regression. Changes in the R-square value can be used to assess the influence of certain independent latent variables on the dependent latent variable whether it has a substantive influence (Ghozali, 2012). The R<sup>2</sup> value is generally between 0 and 1.

2. Predictive Relevance (Q<sup>2</sup>)

This test is used to measure how well the observation value is generated by the model and also its parameter estimates. If the Q<sup>2</sup> value is greater than 0, it indicates that the model has predictive relevance, which means it has good observation value, while if the value is less than 0, it indicates that the model does not have predictive relevance (Ghozali, 2014).

3. t-Statistic

At this stage, it is used for hypothesis testing, namely to determine the significance of the relationship between variables in the study using the bootstrapping method. In the full model Structural Equation Modeling, in addition to confirming the theory, it also explains whether or not there is a relationship between latent variables (Ghozali, 2012). The hypothesis is said to be accepted if the t statistic value is greater than the t table. According to (Latan and Ghozali, 2014) the criteria for the t table value with a value of 1.96 with a significance level of 5%.

4. Path Coefficient

This test is used to determine the direction of the relationship between variables (positive/negative). If the value is 0 to 1, then the direction of the relationship between

variables is stated as positive. While if the value is 0 to -1, then the direction of the relationship between variables is stated as negative.

## RESULTS AND DISCUSSION

### Outer Model Analysis

Measurement model testing (outer model) is used to determine the specifications of the relationship between latent variables and their manifest variables. This testing includes convergent validity, discriminant validity and reliability.

#### 1. Convergent Validity

This test is seen from the loading factor, the value limit is 0.7, and the value limit Average Variance Extracted (AVE) is 0.5, if it is above that value it is said to be valid. This means that the value for the indicator is said to be valid, if the indicator explains the construct variable with a value > 0.7. The structural model in this study is shown in the following figure:

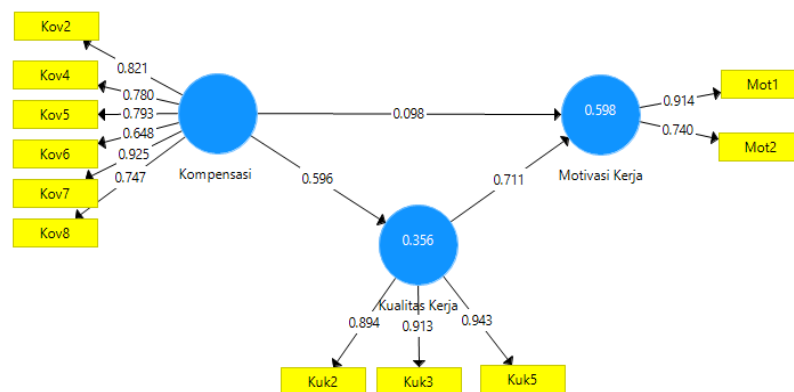


Figure 2. Outer Model  
 Source: Smart PLS 3.3.3

Smart PLS output for loading factor gives the results in the following table: Outer Loadings In this study there is an equation and the equation consists of two substructures for substructure 1.

$$Z = b1X1 + e1$$

$$Z = 0.098 + e1$$

For substructure 2

$$Y = b1X1 + b1Z + e2$$

$$Y = 0.596X1 + 0.711Z1 + e$$

**Table 2. Outer Loadings**

	Compensation	Quality of Work	Work motivation
Kov2	0.821		
Kov4	0.780		



<b>Kov5</b>	<b>0.793</b>		
<b>Kov6</b>	<b>0.748</b>		
<b>Kov7</b>	<b>0.925</b>		
<b>Kov8</b>	<b>0.747</b>		
<b>Kuk2</b>		<b>0.894</b>	
<b>Kuk3</b>		<b>0.913</b>	
<b>Kuk5</b>		<b>0.943</b>	
<b>Mot1</b>			<b>0.914</b>
<b>Mot2</b>			<b>0.740</b>

Source: Smart PLS 3.3.3

In table 2 above, the value of each variable is stated that the indicator in each variable is higher than 0.7, which means that each indicator item has a value higher than 0.7 so that the data is declared valid and can continue to further research.

## 2. Discriminant Validity

Further research to find out valid data in terms of Discriminate Validity, aims to find out whether the cross loading value is greater than other latent variables so as to determine the results of indicators that are highly correlated with their constructs. The following table shows the cross loading results from the validity test as follows:

**Table 3. Discriminant Validity**

	<b>Compensation</b>	<b>Quality of Work</b>	<b>Work motivation</b>
<b>Compensation</b>	0.790		
<b>Quality of Work</b>	0.796	0.917	
<b>Work motivation</b>	0.722	0.769	0.832

Source: Smart PLS 3.3.3

The results of table 3 above show a value that is greater than the other variables in each indicator and variable, so it can be concluded that the results of the discriminant validity study are validly distributed.

## 3. Composite reliability

In composite reliability research to see each variable with its reliability value and if the variable value is greater than 0.60 then the research is considered reliable and if below 0.60 and 0.7 then it is not reliable there are several blocks to determine whether the research is reliable or not and valid or not including the Coranbach alpha value, composite reliability and AVE value can be seen in the table below:



**Table 4. Construct Reliability and Validity**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Compensation	0.877	0.926	0.908	0.624
Quality of Work	0.905	0.905	0.940	0.840
Work motivation	0.876	0.875	0.816	0.692

Source: Smart PLS 3.3.3

In table 4 above, it can be seen in the cronbach alpha column that each variable has a value greater than 0.7, which means that the reliability data for each variable. The composite reliability column has a value greater than 0.6, so it can be explained that each variable is considered reliable because the data is greater than 0.6. It can be seen from the AVE column that each variable gets a value greater than 0.7, which means that the data is valid according to AVE. All variables from the cronbach alpha column, reliability column and AVE column have values greater than 0.7 and 0.6, so they are considered reliable and valid.

### Inner Model Analysis

Structural model evaluation (inner model) is conducted to ensure that the basic model created is strong and accurate. The stages of examination conducted in the primary model assessment are seen from several markers, namely:

#### 1. Coefficient of Determination (R<sup>2</sup>)

In the next stage, namely the evaluation of the measurement model or inner model by looking at the R-Square value criteria. The R-Square results from the smartPLS 3.0 software output are as follows:

**Table 5. R Square Results**

	R Square	R Square Adjusted
Quality of Work	0.756	0.745
Work motivation	0.798	0.784

Source: Smart PLS 3.3.3

There is an R square value of the Work Motivation variable with an R square value of 0.784 and if in percentage it is 78.4%, meaning that the influence of compensation and work quality of work motivation on work motivation and the rest is on other variables. The R square value of the Work Quality variable is 0.745 and if in percentage it is 74.5%, meaning that the influence of the compensation and work quality variables of work motivation on work motivation is 74.5% and the rest is on other variables.

### 3. Hypothesis Testing

After assessing the inner model, the next thing is to assess the connection between idle builds as suspected in this review. Speculation testing in this review is done by looking at T-Statistics and P-Values. Speculation is announced to acknowledge whether the T-Insights value is > 1.96 and P-Values <0.05.

**Table 6. Hypothesis Testing**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Compensation -> Quality of Work	0.596	0.617	0.087	6.875	0.000
Compensation -> Work Motivation	0.098	0.099	0.118	0.832	0.406
Work Quality -> Work Motivation	0.711	0.717	0.102	6,948	0.000

Source: Smart PLS 3.3.3

The results of the direct influence research are as follows:

1. Compensation has a positive and significant effect on work quality with an original sample value of 0.617 and P values of 0.000. This means that compensation can create or improve work quality because of a person's job compensation where he is placed, not because of the quality of work created by the organization.
2. Compensation has a positive and insignificant effect on work motivation with an original sample value of 0.099 and p values of 0.406. This means that compensation formed by the organization and employees can increase work motivation in each employee, because strong work motivation towards the company is the result of treating employees well.
3. Work quality has a positive and significant effect on work motivation with an original sample value of 0.717 and p values of 0.000. This means that if work quality increases, work motivation will increase and if work motivation decreases, work quality will also decrease.

**Table 7. Path Coefficients (Indirect Effect)**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Compensation -> Work Quality -> Work Motivation	0.424	0.443	0.097	4.364	0.000

Source: Smart PLS 3.3.3

The results of indirect influence are as follows:

Compensation has a positive and significant effect on work motivation through work quality indirectly with the original sample results of 0.443 and p values 0.000. This means that work

quality as an intervening variable because it is able to influence Compensation on employee work motivation indirectly.

## **CLOSING**

### **Conclusion**

1. Compensation has a positive and significant effect on work quality in BPJS Employment North Sumatra Regional Office.
2. Compensation has a positive and insignificant effect on work motivation at BPJS Employment North Sumatra Regional Office.
3. Work quality has a positive and significant effect on work motivation in BPJS Employment North Sumatra Regional Office.
4. Compensation has a positive and significant effect on work motivation through work quality at the BPJS Ketenagakerjaan Regional Office North Sumatra.

### **Suggestion**

1. The company must maintain compensation in the company by making compensation efforts directed at employees who work and provide increased company performance with compensation.
2. The company must maintain the quality of work in working well and safely. With the maximum quality of employee work will improve the company's performance in general.
3. The company must maintain work motivation in working well and safely. With maximum employee work motivation will improve the company's performance in general.

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