The Effect of Compensation on Employee Performance With Motivation as Mediator at *KTS Balinese Villas Canggu*

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Abstract

This study aims to determine the effect of compensation on employee performance at KTS Balinese Villas Canggu, through motivation as a mediator. This research is a population study, where the entire population is used as a sample of 30 people. This study uses quantitative data types and is in the form of causal associative research, namely research that aims to determine the relationship between two or more variables and this relationship has a causal nature. There are 3 (three) operational variables to be studied, namely: Compensation, Employee Performance, and Work Motivation. The research instrument testing consists of 2 (two) stages, namely the instrument validity test and the instrument reliability test. This study will analyze and explain the effect of compensation on employee performance with motivation as a mediating variable at KTS Balinese Villas Canggu. The data analysis technique used path analysis with the help of the SPSS version 17 program. The results showed that 1) Compensation had a positive and significant effect on work motivation of KTS Balinese Villas Canggu employees 2) Compensation has a positive and significant effect on the performance of KTS Balinese Villas Canggu employees 3) Motivation has a positive and significant effect on the performance of KTS Balinese Villas Canggu employees 4) Work motivation mediates the effect of compensation on the performance of KTS Balinese Villas Canggu employees.

Keywords: Compensation, Motivation, Employee Performance, Mediation

1. PRELIMINARY

1.1. Background of the problem

It is hoped that an organization or company will experience changes, which lead to progress and development for the better. Every company will try to improve and develop the company by holding various activities to improve the performance of employees. Employees are the most important part in achieving company goals. In this case, company management must encourage employees to maximize employee performance so that they can have a good impact on the company. This relates to the duties and functions of an important employee in the company, so that employees in the company must be managed properly and correctly. In general, human resource management is intended to improve the company's performance, so the formation of human resources who have qualified capabilities is a must. Therefore, the management and utilization of human resources must be a concern to be developed to the fullest. Performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with their respective authorities and responsibilities in order to achieve the goals of the organization concerned legally, not violating the law, and in accordance with morals and ethics (Rachmawati, 2009: 17) in (Hidayat, 2016:15). Employee performance is influenced by several factors, namely internal factors and external factors. Internal factors are factors related to a person's characteristics, including attitudes, personality traits, physical traits, desires or motivations, age, gender, education, work experience, cultural background, and other personal variables. External factors are
factors that affect employee performance from the environment, leadership, actions of colleagues, types of training and supervision, the wage system and social environment.

Employee performance appraisal is one way to improve employee performance. By conducting a performance appraisal, it will be known how well an employee has worked in accordance with the objectives to be achieved. Performance appraisal can also motivate employees to work well and improve their abilities.

Compensation is something that employees receive in exchange for their service contribution to the company. Every employee in an organization has a desire to get compensation in accordance with their expectations. If these expectations are met, then the employee will always be enthusiastic about working. Compensation based on classification consists of: cash compensation (cash compensation) and non-cash compensation (Berger, 2008: 643). Compensation is also a form of financial reward for tangible services and benefits obtained by employees as part of the employment relationship. Employee performance will be optimal if the company provides motivation to its employees. In order for the company's operations to run well, companies need to increase the work motivation of their employees in order to achieve maximum results. The results of Ulfa's research (2013) which prove that financial compensation and non-financial compensation have a significant positive effect on work motivation.

The effect of financial compensation on work motivation is significantly positive, so that the more well-implemented financial compensation given to employees will be able to motivate employees to work. While the non-financial compensation on work motivation is also significantly positive, so it can be said that the non-financial compensation provided can also motivate employees to work harder and improve the quality of their work.

KTS Balinese Villas Canggu was established on May 2 2018, as one of the businesses engaged in the tourism sector, specifically accommodation or villas. One of the branches of KTS Bali Villas is KTS Balinese Villas Canggu with a total of 35 employees, and 30 employees in the service sector who deal directly with customers. Based on preliminary research by collecting data obtained from KTS Balinese Villas Canggu and with interviews with managers it was found that the performance of employees at KTS Balinese Villas Canggu was still lacking. The information obtained is the lack of employee performance in terms of service (quality of work) to customers and in terms of using time effectively and efficiently which is still low. Waiters who are still low can be seen from some customers who give bad ratings about unsatisfactory service. The low performance of employees can be caused by the low compensation provided by the company and the lack of motivation provided by the company. The results of interviews conducted with managers and employees. From the information obtained, it was found that the performance of KTS Balinese Villas Canggu employees is still low, service to customers (quality of work) and customers' families is less than optimal. Based on previous research, KTS Balinese Villas Canggu should try to increase compensation for contract and training employees so that employees are motivated to improve their performance. The results of research conducted by Gungor (2011) found that the reward system has a positive and significant indirect effect on employee performance through motivation as a mediation. Based on the phenomena and previous empirical studies, the researcher wants to do further research on "The Effect of Compensation on Employee Performance with Motivation as Mediator at KTS Balinese Villas Canggu".

1.2. Formulation of the problem

The formulation of the problem in this study is as follows.

1. How is the effect of compensation on motivation at KTS Balinese Villas Canggu?
2. How is the effect of compensation on employee performance at KTS Balinese Villas Canggu?
3. How does motivation affect employee performance at KTS Balinese Villas Canggu?
4. How is the effect of compensation on employee performance with motivation as a mediator at KTS Balinese Villas Canggu?

1.3. Research purposes
Based on the formulation of the problem, the objectives of this study are as follows.
1. Analyze and explain the effect of compensation on motivation at KTS Balinese Villas Canggu.
2. Analyze and explain the effect of compensation on employee performance at KTS Balinese Villas Canggu.
3. Analyze and explain the effect of motivation on employee performance at KTS Balinese Villas Canggu.
4. Analyze and explain the effect of compensation on employee performance with motivation as a mediator at KTS Balinese Villas Canggu.

1.4. Benefits of research
The benefits resulting from this research are as follows.
1. Theoretical Benefits The results of this study are expected to provide benefits in the field of human resource management as an additional reference, especially in studies on the development of compensation, motivation and employee performance.
2. Practical Benefits The results of this study are expected to be helpful and as consideration for use as additional references and in making decisions and policies related to compensation, motivation and employee performance.

2. Literature review
2.1 Empirical Studies
Previous research conducted by Menanti Sembiring entitled The Effect of Effective Communication and Motivation on Employee Performance at the Karo Regency Transportation Service. The results of the study indicate that partially, the effective communication and motivation variables have a significant effect on employee performance at the Karo Regency Transportation Service.

2.2 Theoretical study
Hierarchy of Needs Theory
Maslow stated that humans are motivated to satisfy a number of needs inherent in every human being that tends to be innate. Maslow identified five levels in the hierarchy of needs, namely: (Hasibuan, 2012: 154)
1) Physiological needs
2) Safety and security needs.
3) Social needs
4) Reward needs
5) Self-actualization

Definition of Performance
However, in this case, improving performance is not an easy thing because many factors affect the level of a person's performance. In this proposal, performance is linked to leadership, motivation, and discipline in the organization. HR performance is work performance or work (output) both quality and quantity achieved by human resources per unit time period in carrying out their work tasks in accordance with the responsibilities given to them (Mangkunegara, 2015). Performance (performance) refers to the level of achievement of the tasks that make up an employee's job. Performance reflects how well employees fulfill the requirements of a job (Simamora, 2016). Performance is a real behavior that is displayed by everyone as work performance produced by employees in accordance with their role in the company. (Rivai, 2015).

Employee performance is one measure that can be used in determining the success or failure of a job in terms of quantity, quality and timeliness. Performance is the embodiment of work carried out by the employee or the organization concerned. Based on this definition, it can be taken an understanding that performance is the ability to do something to achieve the goals that have been set or the results achieved by a person according to the size applicable to the work in question, or is a record of the acquisition resulting from the function of a
particular job during a certain period of time. From several opinions from experts about performance, it can be concluded that performance is the result of work in quality and quantity achieved by an employee as a form of real behavior that is displayed as work performance, where the work results must be shown concrete evidence and can be measured (compared to predetermined standards) and refers to the level of achievement of the duties and responsibilities of employees in the organization in accordance with the responsibilities given within a certain period of time.

Mangkunegara (2009: 67) gives an understanding that performance is "the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him".

**Definition of Compensation**

In company management, compensation is one of the cost variables that need to be considered and controlled because it is related to company performance. Thus the company management needs to consider the compensation structure that is given encouragement to employees in achieving company goals. Compensation according to Martoyo (2000: 216) compensation is the arrangement of all remuneration for employers and employees, both directly in the form of money (financial) and indirectly in the form of money (non-financial). Hariandja (2002: 244) states that compensation is the overall remuneration received by employees as a result of carrying out work in the organization in the form of money or other, which can be in the form of salaries, wages, incentive bonuses, and other benefits such as health benefits, holiday allowances, food allowance, vacation pay and others.

**Definition of Motivation**

Motivation is a set of attitudes and values that influence individuals to achieve specific things according to individual goals. These attitudes and values are a force to encourage individuals to behave in achieving goals. The urge consists of two components, namely: the direction of work behavior (work to achieve goals), and behavioral strength (as the strength of individual efforts at work). Motivation includes unique feelings, thoughts and past experiences that are part of the company's internal and external relationships. Winardi (2002: 1) suggests that "the term motivation (motivation) comes from the Latin word movere which means to move". Motivation is the provision of a driving force that creates one's work enthusiasm so that they want to work with all their efforts to achieve satisfaction, Hasibuan (2007: 95). According to (Manullang 2013) defines that "Motivation is the encouragement that gives stimulation to the head of the employee concerned so that the employee works with all his might and effort. According to (Mathis and Jackson, 2013) defines that Motivation is a desire in a person that causes that person to take action. Motivation as a driving tool that directs to the goal. And it rarely comes out in vain. The words need want, desire and drive are the same as motivation which comes from the word motive. By understanding what motivates employees, it will be very helpful in developing employee performance and increasing employee job satisfaction. According to (Fladari Nawawi 2018) states that "Motivation is a condition that encourages or causes someone to do an act or activity that takes place consciously".

1. **CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES**

The elaboration of the thinking framework that has been described, then the concept of the relationship between the variables to be studied is the variable Compensation (X), Motivation (M), and Performance (Y).

1.1 Research Hypothesis

1. **Effect of Compensation on Motivation**

Compensation is one of the important factors to be able to attract prospective employees, it can also
be an encouragement and retain old employees to improve their performance towards the company. Simamora (2006:487) suggests that employees are motivated to get compensation that is balanced against their performance and subsequently the satisfaction of the compensation they receive will also affect their motivation to work productively and efficiently.

The explanation above is supported by the results of research from Ulfah (2013) which states that there is a strong influence between financial compensation on employee motivation and non-financial compensation on employee motivation in AUTO 2000 employees in Malang City. Salaries, performance bonuses, recognition and praise are management tools that can be used to motivate employees to work well (John and Smith, 2014).

Based on the results of previous studies, the hypothesis can be formulated, namely:

**H1: Compensation has a positive effect on motivation**

1. **The Effect of Compensation on Employee Performance**
   With good compensation in the company will have a positive impact on the company. If employees are compensated in accordance with what has been done in the company, employees will tend to do what is best for the company. Thus, employees will try to maintain and even improve their performance within the company. However, if the employee feels that the compensation provided by the company is not in accordance with the contribution that has been made to the company, the employee will tend to be less than optimal in carrying out their duties and responsibilities for the company. In the research of Carlson et al. (2006) it was found that cash intensive giving will have a positive impact on employee performance. Likewise, research conducted by Christie (2002) states that employee knowledge about salary structures and policies can be directly related to the employee's performance.

Based on the theory and the results of previous research, the following hypotheses can be formulated:

**H2: Compensation has a positive effect on employee performance**

1. **The Effect of Motivation on Employee Performance**
   Motivation is the basic drive that moves someone or the desire to devote all energy because of a goal. As stated by Mangkunegara (2009:61) motivation is a condition or energy that moves employees to be directed or directed to achieve the company's organizational goals. Research conducted by Agustin (2012), Bestari (2011) and Marcayono (2012) which states that motivation has a significant effect on employee performance. According to Munandar (2001:58) there is a positive relationship between motivation and performance with achievement, meaning that employees who have high achievement motivation tend to have high performance, on the contrary those who have low performance are possible because their motivation is low.

   Giving encouragement as a way to motivate employees is important to improve employee performance so that they can achieve the results desired by management. Providing good work motivation has an effect on increasing performance and optimal work results in accordance
with established work standards (Ferrari, 2010).
Based on the theory and the results of previous research, the following hypotheses can be formulated:

H₃: Motivation has a positive effect on employee performance

1. The Role of Motivation as a Mediation on the Effect of Compensation on Employee Performance

According to Muljani (2002) compensation is one of the factors that motivate employees to work harder and keep trying to improve their performance. The compensation given can be adjusted to the level of education, position and level of performance in the company. Research conducted by John and Smith (2014) states that compensation has a positive and significant effect on employee motivation and performance. The employee will be motivated to put a large amount of effort into his work if he feels that his previous efforts have resulted in the rewards or rewards he has received.

The results of this study are supported by research conducted by Gungor (2011) who found that rewards have a positive and significant indirect effect on employee performance through motivation as a mediation. In this study, extrinsic and intrinsic motivation as a mediation have a positive effect on employee performance. Motivation is said to mediate the effect of compensation on employee performance because compensation has an indirect effect on employee performance through motivation. Based on the theory and results of previous research, the hypothesis can be formulated, namely:

H₄: Motivation mediates the effect of compensation on employee performance

### 4.1. Research Design and Scope

This study uses quantitative data types and is in the form of causality associative research. Sugiyono (2013: 55) states that research in the form of causal associative is research that aims to determine the relationship between two or more variables and this relationship has a causal nature. This study will analyze and explain the effect of compensation on employee performance with motivation as a mediating variable at KTS Balinese Villas Canggu. The variables analyzed were employee performance, motivation and compensation. As expressed in the hypothesis, each will be described in the appropriate indicators and subsequently reduced to question items in the research instrument.

This research was conducted at KTS Balinese Villas Canggu. The subjects in this study were KTS Balinese Villas Canggu employees. The object studied in this study is employee performance, motivation and compensation.

### 4.2. Data Collection

#### Data Type

There are two types of data used in this study as follows:

1) Quantitative data in this study is data on the number of employees at KTS Balinese Villas Canggu which is used as a sample.

2) Qualitative data in this study are the research location, company profile, characteristics of respondents consisting of gender and the latest education of employees.

#### Data Source

Sources of data used in this study are:

1) The primary sources in this study were obtained through direct interviews with managers and employees of KTS Balinese Villas Canggu. Other primary data comes from the results of questionnaires by KTS Balinese Villas Canggu employees related to research variables, namely employee performance, motivation, and compensation.
2) Secondary sources in this study were obtained from KTS Balinese Villas Canggu in the form of employee performance reports and number of employees.

**Population and Research Sample**

The research population is all service staff of KTS Balinese Villas Canggu consisting of Room division staff, FB Staff, security, sales marketing and Villas Manager at KTS Balinese Villas Canggu, totaling 30 people. The sample is part of the number and characteristics possessed by the population.

The sampling method used in this study is Saturation Sampling (saturation sampling). Saturated sampling or what is often called a census is a sampling technique where the members of the population are relatively small so that all members of the population are used as samples.

**Data collection instrument**

The scale that will be used in this study is the Likert scale, used to measure attitudes, opinions and perceptions of a person or group of people about the existence of social phenomena (Sugiyono, 2013:132). The questionnaire will use a five-point Likert scale, with scores:

1) Strongly Agree score 5
2) Agree score 4
3) Just score 3
4) Disagree score 2
5) Strongly Disagree score 1

**Instrument Testing**

1) Instrument Validity Test

Validity test is used to determine whether a measurement instrument is valid or not. Validity is the degree to which a measuring instrument is able to measure what it is supposed to measure. The principle of validity contains two elements that cannot be separated, namely accuracy and thoroughness. A valid measuring instrument is not only able to express data accurately but also must provide a careful description of the data (Sugiyono, 2013:172). Whether or not an instrument is valid can be seen from the value of the correlation coefficient between the item scores and the total score. Validity testing is done by using the Pearson Product Moment correlation with a correlation coefficient of 0.3 (cut off 0.3) (Ghozali, 2011:45).

2) Instrument Reliability Test

Reliability test is used to measure the consistency of the instrument. A reliable instrument is an instrument which, when used several times to measure the same object, will produce the same data (Sugiyono, 2013:173). A variable that can be declared reliable if Cronbach's Alpha coefficient 0.6 means that the reliability level of 0.6 is an indication of the reliability of a construct (Ghozali, 2011:46).

**4.4 Data Collection Method**

Data collection methods that will be used in this study are as follows.

1) Questionnaires, namely data collection techniques carried out by providing structured written questions or statements to research respondents related to their responses to various statements related to research variables.

2) Interviews, namely data collection techniques by conducting direct questions and answers with managers and employees as an initial research technique and to support the data that has been collected through questionnaires.

**4.5 Data analysis method**

**4.5.1 Descriptive Analysis**

Descriptive analysis is used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. In the descriptive analysis technique there is no significance test, there is no level of error, because the researcher does not intend to
make generalizations, so there are no generalization errors (Sugiyono, 2013). In brief, the results of the nominal value of the correlation between compensation and motivation will be presented on employee performance.

4.5.2 Inferential Analysis
To test the hypothesis and produce a fit model, this study uses Structural Equation Modeling (SEM) with a variance based or component based approach with Partial Least Square (PLS). If the structural model to be analyzed meets the recursive model and the latent variables have formative, reflexive or mixed indicators, then the most appropriate approach is PLS. PLS is a structural model of the relationship between latent variables called the inner model, while the measurement model (reflexive or formative) is called the outer model. On the other hand, in SEM there is no clear distinction between the two, however, there is the term overall model for the overall model, which is a combination of the structural model of the relationship between latent variables and the measurement model with CFA (confirmatory factor analysis).

4.5.3 Resampling bootstrapping
Hypothesis testing is done by resampling bootstrapping method. This method allows the application of distribution free data, does not require the assumption of a normal distribution, and does not require a large sample (recommended minimum sample of 30). The test was carried out by t-test, if the p-value 0.05 (alpha 5%) was obtained, it was concluded to be significant, and vice versa. If the results of hypothesis testing on the outer model are significant, this indicates that the indicator can be used as an instrument to measure latent variables. If the test results on the inner model are significant, it can be interpreted that there is a significant effect of latent variables on other latent variables (Solihin and Ratmono, 2013).

4.5.4 Mediation Role Test
Testing the mediating role or indirect effect was conducted to examine the mediating role of motivation on the effect of compensation on employee performance. This test can examine the level of intervention of the mediating variable whether it is full mediation, partial mediation, or not mediation. The mediating variable testing method used is as follows (Hair et al., 2010):

1) Examine the effect of the independent variable on the dependent variable in the model by involving the mediating variable (effect A).
2) Examine the effect of the independent variable on the dependent variable in the model without involving the mediating variable (effect B).
3) Examine the effect of the independent variable on the mediating variable in the model (effect C).
4) Examine the effect of the mediating variable on the dependent variable in the model (effect D).

Based on the results of the examination of the four effects (effects A, B, C, and D), it can then be proven that the intervention of the mediating variable refers to the following criteria:

1) If effects C and D are significant, but effect A is not significant, then the mediation is fully proven. Or it can be said that there is full mediation on the model (fully mediated).
2) If the effects of C, D, and A are significant, then the mediation is partially mediated or partially mediated in the model.
3) If the effects of C, D, and A are significant, but the path coefficient (standardized) of effect A is almost the same as the path coefficient of effect B, then mediation is not proven in the model (unmediated).
4) If either effect C or D is not significant, then mediation is not proven in the model (unmediated).

2. RESEARCH RESULTS AND DISCUSSION

5.2 Description of Research Variables

5.2.1 Employee Performance Variables
The results showed that the employee's performance was assessed by
the respondents as a whole with an average perception of 3.88, which means that employees have high performance at KTS Balinese Villas Canggu. The quantity of work has an average value of 4.06 which means that the respondents gave a high response to the indicators of the quantity of work of employees. The quality of work has an average value of 3.93 which means that the respondents gave a high response to the indicators of the quality of work of employees, where this is the indicator with the highest average value. This shows that employees complete the work in accordance with the quality standards specified by the company. Timeliness of work completion has an average value of 3.83 which means that respondents give a high response to the indicators of employee working time. Attendance has an average value of 3.83 which means that respondents give a high response to the presence indicator. The indicator of the ability to work together has the lowest average value of 3.76. This shows that employees lack good cooperation between employees.

5.2.2 Work Motivation Variable

The work motivation variable in this study consisted of 8 indicators, namely consistency in taking work, interesting work, self-confidence, responsibility for work, motivating mentors, showing the best results, worrying about work, and attending training.

The results showed that work motivation was assessed by respondents as a whole with an average perception of 3.63, which means that employees have high work motivation at KTS Balinese Villas Canggu. Each indicator has an average value that shows the respondent's perception of the statement at work.

The consistency of the time of taking jobs has an average value of 3.70 which means that the respondents give a high response to the indicators of the consistency of the time of taking the work of employees. Attractive jobs have an average value of 3.76, which means that respondents give a high response to attractive job indicators, where this is the indicator with the highest average value. This shows that employees like their work because it is considered interesting. Confidence has an average value of 3.43 which means that respondents give a high response to the confidence indicator. Responsibility for work has an average value of 3.50 which means that respondents give a high response to the indicator of responsibility for work. The indicator of a motivating mentor has a high average value of 3.70. This shows that employees are quite motivated by their assistants at work. Showing the best results has an average value of 3.60 which means that respondents give a high response to the indicators showing the best results. Anxiety about work has an average value of 3.70, which means that the respondents gave an adequate response to the indicators of concern about work. The training has an average value of 3.67 which means that the respondents gave a sufficient response to the training indicators. This indicator is the one with the lowest average of the compensation variables. This means that the training provided by employees is sufficient.

5.2.3 Compensation Variable

The compensation variable in this study consists of 4 indicators, namely salary, incentives, allowances, and facilities. The results showed that the respondents assessed compensation as a whole with an average perception of 3.46 which means that employees have high compensation at KTS Balinese Villas Canggu. Each indicator has an average value that shows the respondent's perception of the statement at work.

Salary has an average value of 3.67 which means that respondents give a high response to the salary indicator. Incentives have an average value of 3.43 which means that respondents give a high response to incentive indicators. Allowances have an average value of 3.60 which means that respondents give a high response to the allowance indicator. This indicator is an indicator that has the highest average value. This means that the benefits received by employees are high. Facilities have an average value of 3.57 which means that respondents give a high response to the facility indicators.
5.3.1 Hypothesis Testing Results

5.3.2 Direct Effect Test

This study uses a Partial Least Square (PLS) analysis approach to test and analyze the research hypotheses that have been stated previously. The results of the analysis of the empirical research model using the Partial Least Square (PLS) analysis tool which shows that compensation has a positive and significant effect on work motivation. This is indicated by the path coefficient value from compensation to work motivation of 0.943 and the T-statistic value of 43.188. The T-statistic value of 43.188 is greater than 1.96 (T-critical), then hypothesis 1 which states that compensation has a positive and significant effect on work motivation can be accepted. This means that an increase in compensation can increase the work motivation of KTS Balinese Villas Canggu employees.

Testing the effect of compensation on employee performance shows that compensation has a positive and significant effect on employee performance. This is indicated by the path coefficient value from compensation to employee performance of 0.484 and the T-statistic value of 2.876. The T-statistical value of 2.876 is greater than 1.96 (T-critical), then hypothesis 2 which states that compensation has a positive and significant effect on employee performance can be accepted. This means that an increase in compensation can improve the performance of KTS Balinese Villas Canggu employees.

Testing the effect of work motivation on employee performance shows that work motivation has a positive and significant effect on employee performance. This is indicated by the path coefficient value from work motivation to employee performance of 0.450 and the T-statistic value of 2.741. The T-statistical value of 2.741 is greater than 1.96 (T-critical), then hypothesis 3 which states that work motivation has a positive and significant effect on employee performance can be accepted. This means that increasing work motivation can improve employee performance at KTS Balinese Villas Canggu.

5.4 Discussion

5.4.1 Effect of Compensation on Work Motivation

The results of hypothesis testing prove that compensation has a positive and significant effect on work motivation. This shows that the higher the compensation given to the employees of KTS Balinese Villas Canggu, the higher the employee's motivation at work. Vice versa, the lower the compensation given to employees at KTS Balinese Villas Canggu, the lower the employee's work motivation in working at KTS Balinese Villas Canggu.

These results indicate that the high compensation given to employees and in accordance with the duties and responsibilities of employees, has a significant impact on the perceived work motivation of employees. Compensation that is appropriate and felt sufficient by employees is able to stimulate work motivation within employees, so that work motivation is embedded in each employee so that employees are always motivated to work. Compensation is one of the important factors to be able to attract prospective employees, it can also be an encouragement and retain old employees to improve their performance towards the company.

Compensation measured based on indicators of salary, incentives, allowances and facilities was proven to be able to increase work motivation of KTS Balinese Villas Canggu employees, which was measured based on indicators: consistency of taking work time, interesting work, self-confidence, responsibility towards work, motivating mentor, showing the best results, worry about work and attend training. This finding can be interpreted that if the compensation at KTS Balinese Villas Canggu is increased, it will be able to make a significant contribution to increasing employee motivation. This finding is supported by the hierarchy of needs theory, namely esteem needs. It is the need for self-respect and recognition and prestige from superiors and co-workers. If employees get
these awards then employees can be motivated to work better.

5.4.2 The Effect of Compensation on Employee Performance

The results of hypothesis testing prove that compensation has a positive and significant effect on employee performance. This shows that the higher the compensation given to the employees of KTS Balinese Villas Canggu, the higher the performance of the company’s employees, or vice versa, the lower the compensation given to the employees, the lower the performance of the employees at KTS Balinese Villas Canggu. The results of the study indicate that compensation will help improve the performance of the bank’s employees. Compensation that is in accordance with the duties and responsibilities of employees, and in accordance with government regulations will be deemed sufficient by employees, so as to improve employee performance.

Compensation which is measured based on salary, incentives, allowances and facilities is proven to be able to improve the performance of KTS Balinese Villas Canggu employees which is measured based on indicators: work quantity, quality of work, timeliness of completion of work, attendance and ability to work together. This finding can be interpreted that the compensation given by the employee is increased, it will improve the employee's performance. With good compensation in the company will have a positive impact on the company. If employees are compensated in accordance with what has been done in the company, employees will tend to do what is best for the company. Thus, employees will try to maintain and even improve their performance within the company. This finding is in line with the theory used, namely the hierarchy of needs theory, the hierarchy of needs theory, namely esteem needs. It is the need for self-respect and recognition and prestige from superiors and co-workers. If the employee gets the award, the employee will feel appreciated so that it can improve its performance.

5.4.3 The Effect of Work Motivation on Employee Performance

The results of hypothesis testing prove that work motivation has a positive and significant effect on employee performance. This shows that the higher the work motivation felt by the employees at KTS Balinese Villas Canggu, the higher the employee's intention to improve performance. Vice versa, the lower the perceived work motivation of employees, it indicates the lower the employee's intention to improve their performance. Work motivation is the basic impulse that moves someone or the desire to devote all energy because of a goal.

Work motivation is measured based on indicators: consistency of job taking time, interesting work, self-confidence, responsibility towards work, motivating mentors, showing the best results, worrying about work and participating in training proven to be able to improve the performance of KTS Balinese Villas Canggu employees. measured based on indicators: quantity of work, quality of work, timeliness of completion of work, attendance and ability to work together. This finding can be interpreted that if the employee's work motivation increases, it will be able to make a significant contribution to improving employee performance. This finding is in line with the theory used, namely the hierarchy of needs theory, the hierarchy of needs theory, namely esteem needs. It is the need for self-respect and recognition and prestige from superiors and co-workers. If the employee gets the award, the employee will be motivated to improve employee performance.

5.4.4 The Role of Work Motivation as a Mediator of the Effect of Compensation and Employee Performance

The results of hypothesis testing prove that compensation has a positive and significant effect on work motivation, work motivation has a positive and significant effect on employee performance, and compensation has a positive and significant effect on employee performance by mediating work motivation. These results indicate that work motivation mediates the effect of compensation and employee performance. High compensation can affect
employee work motivation and employee performance at KTS Balinese Villas Canggu. High employee motivation also increases employee performance. This finding is in line with the theory used, namely the hierarchy of needs theory, the hierarchy of needs theory, namely esteem needs. It is the need for self-respect and recognition and prestige from superiors and co-workers. If the employee gets the award, the employee will be motivated to improve employee performance.

CONCLUSIONS AND SUGGESTIONS
6.1 Conclusion
Based on the results of research and discussion in the previous chapter, it can be concluded several things as follows:
1) Compensation has a positive and significant effect on work motivation, which means that the higher the compensation given to employees, the higher the work motivation of employees at KTS Balinese Villas Canggu.
2) Compensation has a positive and significant effect on employee performance, which means that the higher the compensation given to employees, the better the performance of employees at KTS Balinese Villas Canggu. These results indicate that high compensation will help improve the performance of KTS Balinese Villas Canggu employees.
3) Motivation has a positive and significant effect on employee performance, which means that the higher the work motivation felt by KTS Balinese Villas Canggu employees, the higher the employee's intention to improve their performance.
4) Work motivation mediates the effect of compensation on employee performance. Employee work motivation will strengthen the effect of compensation on employee performance at KTS Balinese Villas Canggu.

6.2 Suggestion
Suggestions that can be given based on the results of the study are as follows:
1) To improve employee performance, the company should pay more attention to compensation, because based on research results that compensation variable has the greatest influence on employee performance. Referring to respondents' perceptions of compensation, the leadership of KTS Balinese Villas Canggu should pay more attention to providing salaries and incentives to employees so that they can motivate employees' work and improve the performance of employees at KTS Balinese Villas Canggu.
2) Work motivation can partially mediate the relationship between compensation and employee performance, so it is recommended for managers to further increase work motivation for employees because it can improve employee performance. The implementation of the coaching program for employees should also be a consideration for the leadership of KTS Balinese Villas Canggu. Referring to the respondent's perception of work motivation, employee concerns about work need to be increased, so that employees feel responsible for their work. Because in this case concern has the lowest average on the work motivation variable.
3) Future research should consider other factors that influence employee performance such as: job satisfaction, leadership and other mediating variables that affect the relationship between compensation and employee performance. In addition, this research can also expand the orientation of research within the scope of a larger organization or wider population, conduct research on companies in other areas so that the findings of this study may be different compared to research in other areas.

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