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### Abstract

This study is a conceptual paper that aims to determine the effect of compensation and motivation on the performance of college lecturers private sector in Bandar Lampung. The performance of lecturers is very decisive and becomes one of the benchmarks in the success of a tertiary institution, which is the task of lecturers contained in the Tri Dharma of Higher Education namely carrying out educational and teaching activities, research activities and community service. Many factors can affect lecturer performance; internal factors such as competence, knowledge possessed by lecturers, work motivation, attitude of accountability, and others. There are also external factors, namely the work environment, leadership style, training, or compensation received. Motivation is very important because with the motivation of the employees to work hard and enthusiastically, the employee's performance will be maximal and the company's goals will be achieved. Providing compensation is expected to motivate employees, and not only giving compensation can increase company performance but motivation can also have a positive impact on employee performance.

**Keyword:** Performance, Compensation, Motivation, Colleges

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# The Effect of Compensation on the Performance of Private Higher Education Lecturers with Motivation as an Intervening Variable

**Levina Rachmawati Putri; Fajar Gustiawaty Dewi; Yuliansyah**

Faculty of Economics and Business, University of Lampung, Gedong Meneng, Bandar Lampung, Indonesia

## Abstract

*This study is a conceptual paper that aims to determine the effect of compensation and motivation on the performance of college lecturers private sector in Bandar Lampung. The performance of lecturers is very decisive and becomes one of the benchmarks in the success of a tertiary institution, which is the task of lecturers contained in the Tri Dharma of Higher Education namely carrying out educational and teaching activities, research activities and community service. Many factors can affect lecturer performance; internal factors such as competence, knowledge possessed by lecturers, work motivation, attitude of accountability, and others. There are also external factors, namely the work environment, leadership style, training, or compensation received. Motivation is very important because with the motivation of the employees to work hard and enthusiastically, the employee's performance will be maximal and the company's goals will be achieved. Providing compensation is expected to motivate employees, and not only giving compensation can increase company performance but motivation can also have a positive impact on employee performance.*

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## INTRODUCTION

Performance lecturers were very decisive and become a benchmark in the success of the college, which is where the task of lecturers contained in Tri Dharma College of carrying out educational activities and teaching, research and community service. Performance (work performance) is a result of work achieved by a person in carrying out the tasks assigned to him based on skill, experience and sincerity as well as time (Hasibuan, 2012). Many factors can affect lecturer performance; internal factors such as competence, knowledge possessed by lecturers, work motivation, attitude of accountability, and others. There are also external factors, namely the work environment, leadership style, training, or compensation received. Motivation is very important because with the motivation of the employees to work hard and enthusiastically, the employee's performance will be maximal and the company's goals will be achieved. Motivation from within a person also determines the results of his performance, then the organization where the place of work must always try to maintain and increase the motivation that is in his employees (Nuraini, 2014). Many ways to increase motivation in employees one of which is providing appropriate compensation. Providing compensation is expected to motivate employees, and not only giving compensation can increase company performance but motivation can also have a positive impact on employee performance.

## Research Issues

In the world of education, the teaching profession is still considered one of the most noble professions and is still respected by the community because as a teacher and figure of bridge of knowledge. But in fact the welfare of lecturers, especially private university lecturers (PTS) who still depend on the ability of institutions to pay all lecturers and their employees. As quoted from (<http://www.kopertis12.or.id/>) a PTS lecturer when serving in PTS that is quite advanced and has a humane organizer will get a permanent lecturer salary and a pretty good teaching fee plus various fees such as services guiding, testing etc. And also the drawback is they don't get pension and health money like PNS lecturers. It is undeniable that these things are one of the factors in the decrease in motivation of lecturers in carrying out work which indirectly also causes a decrease in performance because they feel unbalanced between the performance given and the rewards they receive. This is what underlies this research in the form of a conceptual paper about the effect of compensation and motivation on the performance of lecturers in private tertiary institutions.

## Literature

### Contingency Theory

Contingency theory is often called situational theory because this theory proposes leadership that depends on the situation (Fiedler, 1967). Contingency theory can be used to analyze design and management accounting systems to provide information that organizations can use for various purposes (Otley, 1980). Contingency theory framework is contingency factors, management control systems, intervening variables, and organizational effectiveness.

### Compensation

Compensation is the most dominant indicator in giving birth to employee performance, because compensation is the main reason why someone wants to work (Ali & Wahyudi, 2017). Compensation is an appreciation received by employees of the company, whether in the form of money or not money in return for having devoted their energy and mind to always provide the best performance and maintain the company's existence so that it continues to operate in accordance with its objectives.

### Motivation

Motivation comes from the Latin word *movere* which means encouragement or giving a driving force that creates the excitement of one's work so that they want to work together, work effectively, and are integrated with all efforts to achieve satisfaction (Hasibuan, 2012). Human behavior is the simplest reflection of their motivation, so that human behavior is in accordance with organizational goals, there must be a combination of motivation for meeting their own needs and organizational demands. According to the theory of two factors or Herzberg's theory that can cause motivation caused by two factors, namely (1) intrinsic element; the work itself, opportunities for advancement, recognition or appreciation, success, responsibility (2) extrinsic elements; salary, supervisors, policy and administration, employment relations, working conditions.

## **Performance**

Performance is a condition that must be known and informed to certain parties to determine the level of achievement of an agency's results associated with the vision carried by an organization and to know the positive and negative impacts of an operational policy taken (Lukmanul, 2011). There are several indicators of the Higher Education Tri Dharma which are lecturers' performance, these indicators include; (1) The task of conducting education is a task in the field of education and teaching (2) The task of conducting research is a task in the field of research and development of scientific work (3) The task of conducting community service.

## **Influence of Compensation on Work Motivation**

One of the goals of compensating is as a bond of cooperation, effective procurement, motivation, employee stability, discipline and the influence of trade unions and the government. If the services provided are large enough, the manager will easily motivate his subordinates (Hasibuan, 2002). Employees tend to be more motivated to achieve the job targets of the company well so that it can improve its performance, if the compensation given is in accordance with what has been done. The influence of compensation on motivation has been proven by Heri (2008), which proves that compensation financially and non-financially affects the motivation of lecturer work in private universities, this shows that the higher the compensation given, the higher the work motivation of lecturers.

## **H1: Compensation has a positive effect on work motivation.**

## **The Effect of Work Motivation on Lecturer Performance**

The leader of an organization must have the right way to be able to motivate its employees to achieve maximum work performance, where motivation becomes a cause of someone's actions or activities. Research conducted by Lukmanul (2011) shows that there is a relationship and influence of motivational factors on lecturer performance, which also proves that high work motivation on employees will affect their performance to complete work and achieve work.

## **H2: Work motivation has a positive effect on lecturers' performance**

## **Effects of Compensation on Lecturer Performance**

Compensation is the most dominant indicator in giving birth to employee performance, because compensation is the main reason why someone wants to work (Ali & Wahyudi, 2017). If compensation is given correctly, then employees will be more satisfied and motivated to achieve the company's targets well, because the amount of compensation provided by the company reflects the value of the work of an employee in the company. In this case research by Kasenda (2013) shows that compensation has a significant effect on performance.

## **H3: Compensation has a positive effect on the performance of lecturers**

## Discussion

In the era of the industrial revolution 4.0 did have a big impact on private universities which were required to operate, not only effectively and efficiently but also had to be more innovative and creative. Achievement of goals is not easy to measure for organizations that do not produce tangible outputs (Lukmanul, 2011), as is the case for tertiary institutions engaged in the business of educational services. Like its success in an organization that is strongly influenced by employee performance with the expectation that the goals of the organization are achieved. The performance of lecturers is also very decisive and becomes one of the benchmarks in the success of a tertiary institution, which is the task of lecturers contained in the Tri Dharma of Higher Education namely carrying out educational and teaching activities, research activities and community service. Many factors can affect lecturer performance; internal factors such as competence, knowledge possessed by lecturers, work motivation, attitude of accountability, and others. There are also external factors, namely the work environment, leadership style, training, or compensation received.

## Conclusion

Success in an organization, is strongly influenced by employee performance in the hope that the goals of the organization can be achieved. The performance of lecturers examined in this study, is considered to be very decisive and become one of the benchmarks in the success of a tertiary institution. Many factors can affect lecturer performance; internal factors such as competence, knowledge possessed by lecturers, work motivation, attitude of accountability, and others. There are also external factors, namely the work environment, leadership style, training, or compensation received. This study makes compensation as an independent variable, lecturer performance as a dependent variable with motivation as an intervening variable that influences.

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