

## The Influence of the Remuneration System on Employee Performance Through Employee Commitment and Work Motivation at Pertamina Hospital Balikpapan

Roesmaliyanti

Faculty of Economics and Business, Universitas Islam Sultan Agung (UNISSULA) Semarang, Indonesia, E-mail: [rosmaliyanti@gmail.com](mailto:rosmaliyanti@gmail.com)

**Abstract.** *The focus of this examination is directed toward labor force dynamics within health service environments demanding high professionalism. Within the context of Pertamina Balikpapan Hospital, primary attention is directed toward the interconnection between compensation system and work drive, institutional attachment, plus individual performance. Number-based approach is utilized by relying on surveys toward employees who have resided within said compensation system during certain periods. Instruments were arranged using Likert scale 1– 5 to capture respondent perceptions related to various aspects investigated. Data processing was conducted with Structural Equation Modeling approach through SmartPLS assistance, which enables simultaneous inter-construct relationship mapping. Within this design, compensation is placed as the starting point triggering transformation on psychological and performative aspects, with two intermediate variables explaining its interconnection pathways. Data processing acquisition reveals consistent interconnection patterns between variables examined. Compensation system possesses unidirectional relationship with work drive plus organizational attachment. Both aspects also demonstrate interconnection with individual performance. Beyond indirect pathways, the direct relationship between compensation and performance is also visible. Intermediate variable role appears to strengthen said relationship, such that it reveals layered mechanisms existence in explaining work performance transformation.*

**Keywords:** Employee Performance; Organizational Commitment; Remuneration; Work Motivation.

## 1. Introduction

In practice, hospital compensation schemes don't stop at a fixed salary, but involve various additional components tailored to work performance. A study by Munthe and Ningrum (Katagame et al., 2024) showed that when compensation aligns with a conducive organizational environment, there is a link to improved workforce performance. However, the main challenge lies in designing a system that can address the complexity of the hospital work environment, which is characterized by high pressure and continuous service demands.

Work motivation emerges as a crucial element in explaining how individuals perform their tasks. Rewarding contributions is often linked to the form of compensation received. Findings from Kusmeri & Riana (2024) indicate a link between compensation and organizational commitment, which in turn is linked to individual performance. However, the role of work motivation as a mediator in this relationship requires further study, particularly in hospital settings, which have distinct operational characteristics compared to other fields.

Attachment to an institution is inextricably linked to an individual's performance in carrying out their responsibilities. Individuals with an affective attachment to their organization tend to demonstrate a higher degree of commitment to completing their work. This attachment is not merely administrative but also reflects acceptance of the institution's direction, values, and objectives. In such a context, adequate compensation serves as a catalyst for the formation of this attachment. Narendra et al. (2024) demonstrated that a properly designed reward system is associated with strengthening individual attachment to the organization, which in turn is related to work performance. However, this dynamic is not always linear, particularly in hospital environments with complex work environments and uneven work rhythms.

Although a large number of studies have explored the impact of remuneration on employee performance in various sectors, particularly in the hospital setting, most of these studies focus on the direct effect of remuneration on performance without considering the role of mediating variables such as organizational commitment and work motivation. One gap in the existing literature is the lack of research that integrates these three variables—remuneration, organizational commitment, and work motivation—in a comprehensive model in hospitals in Indonesia, particularly at Pertamina Balikpapan Hospital.

## 2. Research Methods

A quantitative approach was constructed as the foundation of this study, utilizing surveys as the data acquisition mechanism. The rationale for selecting this approach lies in its ability to transform the interrelationships between components into numerical representations that can be systematically processed, allowing for measurable verification of the interrelationship patterns.

The use of surveys offers the advantage of collecting data from a large number of respondents in a relatively short time. The systematically structured instrument allows for measurement of individual perceptions and experiences regarding achievement-based rewards, work motivation, organizational engagement, and individual performance at Pertamina Balikpapan Hospital, a state-owned healthcare institution in Indonesia.

Through this construction, expectations are directed towards obtaining a picture that has empirical legitimacy while contributing to the enrichment of the discourse on HR management, particularly in unraveling the relationship between compensation policies and individual performance in the health services sector.

### **3. Results and Discussion**

#### **3.1. The Influence of Remuneration on Work Motivation**

Remuneration configurations have been shown to activate work motivation through the aspiration mechanism for higher rewards, thus encouraging individuals to execute tasks with greater intensity. This is manifested in increased enthusiasm, persistence in the face of obstacles, and a willingness to allocate extra effort for optimal performance. However, this tendency remains moderate when work standards are raised. This formulation aligns with Edwin Locke's (1968) Goal Setting Theory, which places targets as a key element in activating work motivation. This configuration also resonates with Michael Armstrong and Stephen Taylor's (2020) view regarding strengthening motivation through the congruence of rewards and performance (Armstrong M & Taylor, 2020).

#### **3.2. The Influence of Remuneration on Commitment**

Compensation commensurate with employee contributions and employee target achievements, clear, objective, transparent and easy-to-understand work evaluations have been shown to influence employee commitment to continue working better and to continue working at RS Pertamina Balikpapan. Emotional attachment, feelings of moral obligation, and feeling important to continue working at RS Pertamina Balikpapan prove the influence of remuneration on employee commitment. Commitment is seen in the desire to continue working (Meyer & Allen, 1991), working for very long hours (Bentein et al. (2005), and having a moral bond (Paré and Tremblay, 2007) are some indications of employee commitment.

#### **3.3. The Impact of Remuneration on Performance**

They are willing to improve their performance because they have established targets or objectives, deadlines, quality results, clear procedures, and rules. This demonstrates transparency in measuring employee performance. Compensation commensurate with employee contributions encourages employees to strive for higher performance. Higher

performance is demonstrated by the implementation and delivery of quality work, quantity, timeliness, and the ability to work in a team (Bernardin and Russell, 2013). According to research by Hartati and Winarko (2020), remuneration is identified as the strongest variable influencing employee performance compared to motivation.

### **3.4. The Influence of Commitment on Performance**

The manifestation of employee commitment is articulated through persistent work continuity, long-term engagement, internalization of ethical obligations, and self-identification as an integral part of RS Pertamina Balikpapan. This configuration conditions individuals to execute tasks optimally, so that high levels of commitment correlate with superior performance.

### **3.5. The Influence of Motivation on Performance**

Work drive activation is reflected in enthusiasm in carrying out tasks, persistence in the face of obstacles, goal orientation, and readiness to allocate maximum effort. Individuals with this configuration tend to achieve optimal performance through high work quality, punctuality, effective collaboration, and adherence to operational procedures. This finding aligns with Teja (2017), who emphasized the significance of the positive relationship between work drive and performance.

### **3.6. The Effect of Remuneration Mediated by Work Motivation on Performance**

A compensation structure that is proportional to contribution, supported by fair regulations, objective evaluation, and consistent distribution of rewards, activates the individual's work drive to Maintaining and even improving the quality and accuracy of achievements. This configuration triggers more optimal performance, in line with Teja's (2017) findings, which confirm the link between remuneration and work motivation.

### **3.7. The Effect of Commitment-Mediated Remuneration on Performance**

Furthermore, compensation commensurate with employee contributions, fair compensation policies, clear and objective work evaluations, and consistent reward provision can also influence employee commitment. Employee commitment, demonstrated by continued work, long hours, a sense of moral obligation, and a sense of belonging to Pertamina Balikpapan Hospital, can motivate employees to strive for their best performance.

## **4. Conclusion**

Confirmed remuneration has positive and meaningful consequences for employee motivation. Commitment to the institution is strengthened when the remuneration

configuration is perceived as favorable, with a positive and meaningful relationship direction. Performance shows escalation when motivation is at a high intensity, with a confirmed positive and meaningful relationship. Performance is conditioned by the strength of organizational commitment, where increased commitment is associated with more optimal achievement in a meaningful way. The direction of the relationship between remuneration and performance is identified as positive with a confirmed level of meaningfulness, so that changes in compensation correlate with changes in performance. The role of motivation as a verified mediator in the remuneration-to-performance pathway, where this psychological mechanism bridges the effect of remuneration on achievement in a meaningful way. The intermediary in the form of organizational commitment also constructs an indirect path between achievement-based remuneration and performance, with a confirmed meaningful mediation effect.

## 5. References

### Journals:

- Atkinson, J. W. (1957). Motivational determinants of risk-taking behavior. Dalam *In C.D. Spielberg (Ed.), Studies in social psychology in World War II* (Vol. 2, p. 161– 170).
- Cawley, B. D., Keeping, L. M., & Levy, P. E. (1998). Participative decision-making and compensation system effectiveness. *Industrial Relations Research Association*, 51(3), 57–74.
- Duckworth, A. L., Peterson, C., Matthews, M. D., & Kelly, D. R. (2007). Grit: Perseverance and passion for long-term goals. *Journal of Personality and Social Psychology*, 92(6), 1087–1101. <https://doi.org/10.1037/0022-3514.92.6.1087>
- Eisenberger, R. , Cummings, J. , Armeli, S. , & Lynch, P. (1997). Perceived organizational support, discretionary treatment, and job satisfaction. *Journal of Applied Psychology*, 82(5), 812–820.
- Gagné, M. , & Deci, E. L. (2005). Self-determination theory and work motivation. . *Journal of Organizational Behavior*, 26(4), 331-362.
- Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. . *Organizational Behavior and Human Performance*, 16(2), 250-279.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). Partial Least Squares Structural Equation Modeling (Pls-Sem) Third Edition. Dalam *Angewandte Chemie International Edition*, 6(11), 951–952. (Third Edit, Nomor Mi). SAGE Publications, Inc.
- Hastopo, N., & Utami Wikaningtyas, S. (2023). Narko Hastopo Suci Utami Wikaningtyas. *Jurnal Riset Manajemen Akuntansi Indonesia*, 1(3). <https://doi.org/10.32477/jrabi.v1i1.xxx>
- Komitmen, dan Budaya Organisasi Terhadap Kinerja Karyawan dengan Kepuasan Kerja sebagai Mediasi. *Syntax Literate ; Jurnal Ilmiah Indonesia*, 9(5), 3251–3267. <https://doi.org/10.36418/syntax-literate.v9i5.15847>
- Kohn, A. (1993). Why incentive plans cannot work. 71(5), . *Harvard Business Review*, 71(5), 54-63.

- Kusmeri, A. , & Riana, D. (2024). Pengaruh remunerasi dan kepuasan kerja terhadap komitmen karyawan di rumah sakit. *Jurnal Organisasi Kesehatan*, 10(1), 45–60.
- Meyer, J. P. , & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61–89.

**Books:**

- Adams, J. S. (1965). Inequity in social exchange. Dalam *In L. Berkowitz (Ed.), Advances in experimental social psychology* (Vol. 2, p. 267–299). Academic Press.
- Amstrong, M. , & Taylor. S. (2020). *Armstrong's handbook of human resource management practice* (15 ed.). London: Kogan Page.
- Bernardin, H. J. , & Russell, J. E. A. (2013). *Human resource management: An experiential approach* (6 ed.). New York: McGraw-Hill.
- Herzberg, F. (1996). *Work and the nature of man*. Cleveland: World Publishing.
- Katagame, R., Indarto, I., & Kuswardani, K. (2024). Analisis Pengaruh Motivasi,
- Luthans, F. (2002). *Organizational behavior* (9 ed.). New York: McGraw-Hill.
- Mangkunegara, A. P. (2017). *Manajemen sumber daya manusia perusahaan*. Bandung: Remaja Rosdakarya.
- McClelland, D. C. (1987). *Human motivation*. Cambridge: Cambridge University Press.
- Meyer, J. P. , & Allen, N. J. (1997). *Commitment in the workplace: Theory, research, and application*. Thousand Oaks: Sage Publications.