

Boosting Performance at Machmudah Cooking Spices: Unveiling the Impact of Motivation and Compensation

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CASE STUDY

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Abstract. Human Resources (HR) is an important asset in supporting motivation to achieve success in an organisation. HR is the implementer of all organisational policies and therefore needs to be equipped with adequate knowledge. The importance of human resources needs to be recognised by all levels of management in MSMEs. Micro, small and medium enterprises are the main actors of economic activities in Indonesia. The future of development lies in the ability of micro, small and medium enterprises to develop independently, therefore this research focuses on the influence of work motivation and compensation on employee work performance in Machmudah Cooking MSMEs. This research design uses a quantitative research approach and has the result that work motivation and compensation simultaneously have a significant effect on employee work performance at Bumbu Masak Machmudah (BMM). This means that the more work motivation and compensation increase, the more work performance will increase.

Keywords: Human Resources (HR), Micro, Small, and Medium Enterprises (MSMEs), Work Motivation, Work Performance.

A. INTRODUCTION

In the era of globalization, competition and challenges have become increasingly severe, particularly in the business sector [1]. It is no longer just local, regional, or national competition; there is also global competition from various countries. The implementation of the ASEAN Economic Community (AEC) in 2015, as a form of free trade area (FTA), has further highlighted this trend [2]. Indonesians seeking employment in their own country must now contend with job seekers from other nations. Furthermore, business competition has become more complex across various industries with the advent of the ASEAN Economic Community (MEA) [3]. This competition not only involves domestic businesses but also includes international players. In the face of such intense competition, every Micro, Small, and Medium Enterprise (MSME) must adopt effective business strategies to succeed on a global scale.

Human Resources (HR) are crucial assets for the sustained success of any organization [4]. HR professionals are responsible for implementing organizational policies and thus require adequate knowledge and skills. The significance of human resources is acknowledged by management at all levels within MSMEs [5]. Despite advancements in technology, human factors continue to play a vital role in the success of an organization. Especially with the onset of globalization and the implementation of the MEA, many MSMEs are seeking ways to maximize employee performance.

As noted by Hamilton and Sodeman [6], human resources are central to any organization, regardless of its form or goals. Organizational objectives are formulated based on various visions, missions, and goals, all of which are ultimately carried out and administered by human beings. Therefore, humans are a strategic factor in all MSME activities and organizational functions.

To support the performance of human resources in MSMEs, effective management of human resources is essential. HR management involves tasks such as planning, organizing, directing, and

supervising, as well as acquiring, developing, compensating, integrating, maintaining, and terminating personnel. These activities are integrated to achieve the objectives of MSMEs, as explained by Supiyati et al. [7]. According to Wahyuni et al. [8], HR management functions as a process through which systems can be designed to include recruitment, training, assessment, and remuneration. Effective and efficient management of HR ensures that organizational objectives are met, whether in an MSME or any other type of organization.

Micro, small, and medium enterprises (MSMEs) are key players in Indonesia's economy. The future of economic development relies heavily on the ability of these enterprises to grow independently. In 1999, MSMEs contributed approximately 60% to Indonesia's GDP, with small and micro businesses accounting for 42%, and intermediate businesses for 18%. The empowerment of MSMEs is crucial for the country's economy, particularly in fortifying the national economic structure and anticipating future economic challenges.

The current national economic crisis has significantly impacted the stability of Indonesia's economy, with political and economic instability affecting business activities. Despite this, MSMEs have remained relatively resilient. However, challenges such as declining productivity due to employee turnover, exacerbated by the Covid-19 pandemic, have led to a decrease in MSME sales and inconsistent employee performance, particularly at Bumbu Masak Machmudah (BMM). According to Hatane et al. [9], work performance refers to the results achieved by individuals or groups in their work tasks. Performance is not solely determined by individual effort but is influenced by various factors, including motivation. Motivation, as interpreted by Astiti and Surya [10], is essential for supporting employees in their work. When employees feel motivated, they become more enthusiastic and driven to perform their tasks effectively. Motivation plays a crucial role in driving employees to operate efficiently within MSMEs.

Based on these understandings, the researcher concludes that motivation provides direction and guidance for employees, enhancing their performance. A motivated workforce is more likely to achieve optimal results. Hence, the researcher aims to investigate the influence of motivation and compensation on employee performance at UMKM BMM (Machmudah Cooking Seasonings). This study seeks to determine whether work motivation and compensation significantly affect employee performance at UMKM BMM.

B. METHOD

The research design adopts a quantitative approach based on the positivism philosophy. The research is conducted at the location of Bumbu Masak Machmudah (BMM) in Sidoarjo, with the entire population of BMM employees, totaling 50 individuals. Given the impracticality of studying the entire population of Bumbu Masak Machmudah (BMM) employees, a sample is necessary. In this study, the sample size is determined using Slovin's formula, a practical method for determining sample size, especially for large populations, ensuring the reliability and validity of the research findings.

$$n = \frac{N}{1 + Ne^2} \quad (1)$$

Information:

n = Number the sample you are looking for

N = Amount population

e = Precision value

For this study, a sample size of 43 respondents was determined using the calculated formula, considering a 10% margin of error to ensure precision. The sampling method employed was simple random sampling, where questionnaires were directly distributed to respondents without regard to population strata. Primary data was collected through questionnaires administered to the employees of Bumbu Masak Machmudah (BMM), with the aim of obtaining objective and comprehensive data related to the research problem. The data collection method is crucial for ensuring the success of the

study, and in this case, a Likert scale was used for measurement. The Likert scale, ranging from 1 to 5, was utilized to gauge the attitudes, opinions, and perceptions of the respondents regarding the research phenomenon. Questions were answered using this scale, allowing the researchers to convert the variables into measurable indicators and compose relevant instrument items. The questionnaire was closed-ended, with respondents selecting from predetermined options, and all responses were evaluated accordingly.

Table 1. Likert Scale [11]

| No. | jaw | Information | Mark |
|-----|----------|-------------------|------|
| 1. | Answer 1 | Strongly disagree | 1 |
| 2. | Answer 2 | Don't agree | 2 |
| 3. | Answer 3 | Don't agree | 3 |
| 4. | Answer 4 | Agree | 4 |
| 5. | Answer 5 | Strongly agree | 5 |

C. RESULT AND DISCUSSION

Machmudah Cooking Seasoning (BMM) operates as a mobile Micro, Small, and Medium Enterprise (MSME) specializing in the production of Cooking Spices. Since its establishment in 2002, BMM has been located on a 1-hectare land in Putat Village, District Resolve, Sidoarjo Regency, Indonesia, employing a workforce of approximately 100 individuals. The production line encompasses various products, including printing paper, wrapping paper, and tissue. Beginning in 2022, BMM has been producing cooking spices, utilizing around 6000 tons of raw materials annually. In response to market demands, the company expanded its operations in 2010 by adding two additional Cooking Seasoning machines, increasing the total production capacity to 78,000 tons per year. As a result, BMM has emerged as a key asset in the sub-district's economic landscape.

BMM's products have garnered significant recognition and acceptance nationwide, with distribution extending to over 15 cities across East Java, including major hubs like Surabaya and Sidoarjo, and reaching into Central Java as well. The distribution system involves direct sales to end-users and also through distributor agents. By prioritizing product quality, exemplary service, and meeting customer expectations, BMM has successfully penetrated both domestic and international markets. The company's marketing strategy emphasizes a customer-centric approach, treating every customer as a valued business partner. Through this perspective, BMM fosters collaborative efforts to expand market share and deliver exceptional service to end-users and distributors alike.

Description Respondent

The characteristics of respondents are essential for contextualizing and understanding the findings of the study. They provide valuable information about the demographic profile of the respondents, which helps in interpreting the results accurately. In this research, the characteristics of respondents include gender, age, and education level. Gender is particularly important as it can have a significant impact on the activities or occupations of the respondents. The breakdown of respondents based on gender is as follows:

Table 2. Characteristics Respondent by Gender

| | Criteria | frequency | Percentage (%) |
|------------|----------|-----------|----------------|
| Legitimate | Man | 67 | 72.0 |
| | Woman | 26 | 28.0 |
| | Total | 93 | 100.0 |

Based on the table, it can be concluded that the majority of employees at Bumbu Masak Machmudah (BMM) are male, totaling 7 individuals, which accounts for 72% of the workforce. Conversely, the number of female employees is 43, representing 28% of the total workforce. This suggests that the majority of employees at BMM are women, likely due to the higher concentration

of women in operational or production roles within the company. Next, the characteristics of respondents based on education are presented in the following table:

Table 3. Characteristics Respondent Based on Education

| | Criteria | Frequency | Percentage (%) |
|-------------------|--------------------|-----------|----------------|
| Legitimate | Elementary school | 52 | 55.9 |
| | Junior high school | 10 | 10.8 |
| | Senior high school | 31 | 33.3 |
| | Total | 93 | 100.0 |

Based on show that education BMM employees are 52 high school employees with percentage amounting to 55.9%, Diploma education amounted to 10 people with percentage amounting to 10.8 %, 31 people with undergraduate education percentage amounting to 33.3%. This matter show babhwa more than high school graduates dominate at work daily specifically work field of activity production.

Description Response Employee About Motivation (X1)

Response respondents about variable motivation (X1) Bumbu Masak Machmudah (BMM) employees can presented in the Table as following:

Table 4. Response Respondent to Motivation (X1)

| No | Statement | Score | | | | |
|----|--|----------|---------|--------|--------|---------|
| | | STS 1 | TS 2 | N 3 | S 4 | SS 5 |
| 1 | MSMEs provide appropriate salary as well as supporting facilities and infrastructure all activity task | 1 | 10 | 15 | 35 | 32 |
| | Percentage (%) | 1.1 | 10.8 | 16.1 | 37.6 | 34.4 |
| 2 | I feel safe and comfortable during working in MSMEs | 0 | 6 | 21 | 32 | 34 |
| | Percentage (%) | 0 | 6.5 | 22.6 | 34.4 | 36.6 |
| 3 | Me and co Work always each other help when happen problem | 0 | 5 | 28 | 35 | 25 |
| | Percentage (%) | 0 | 5.4 | 30.1 | 37.6 | 26.9 |
| 4 | MSMEs always give present for its employees are outstanding | 0 | 1 | 20 | 40 | 32 |
| | Percentage (%) | 0 | 1.1 | 21.5 | 43 | 32 |
| 5 | I follow various activities in MSMEs such as follow training, trade unions worker Who knows other supporting activities development self | 1 | 5 | 27 | 27 | 33 |
| | Percentage (%) | 1.1 | 5.4 | 29 | 29 | 35.5 |

The findings regarding the variable of motivation reveal that the statement with the highest percentage of "strongly agree" responses is the second statement: "I feel safe and comfortable during working in MSMEs." This suggests that a majority of employees at Bumbu Masak Machmudah (BMM) respond positively to their work environment, likely due to their extensive experience in MSMEs, which enables them to feel safe and comfortable within the work atmosphere.

Conversely, the statement with the lowest percentage of "strongly agree" responses is the third statement: "Me and my partner Work always each other help when happen problem." This indicates that there may be a lack of awareness among employees at BMM regarding mutual assistance in addressing work-related issues. This highlights the need for fostering a stronger sense of teamwork and collaboration among employees to enhance work efficiency and problem-solving capabilities.

Description Response Employee About Compensation (X2)

Response respondents about variable exchange (X2) Bumbu Masak Machmudah (BMM) employees can presented in the Table as following:

Table 5. Responses Respondent to Compensation (X2)

| No | Statement | Score | | | | |
|----|---|----------|---------|--------|--------|---------|
| | | STS 1 | TS 2 | N 3 | S 4 | SS 5 |
| 1 | I get appropriate salary with desire I | 1 | 16 | 17 | 24 | 35 |
| | Percentage (%) | 1.1 | 17.2 | 18.3 | 25.8 | 37.6 |
| 2 | I get incentive or addition income when I succeed achieve work targets | 0 | 11 | 24 | 30 | 28 |
| | Percentage (%) | 0 | 11.8 | 25.8 | 32.3 | 30.1 |
| 3 | As long as I am working in MSMEs, I get various allowance for example allowance health, position and other benefits | 1 | 13 | 18 | 34 | 27 |
| | Percentage (%) | 1.1 | 14 | 19.4 | 36.6 | 29 |
| 4 | MSMEs provide various facility for example clean room, tools adequate office, spacious parking area as well as facility other | 0 | 9 | 24 | 36 | 24 |
| | Percentage (%) | 0 | 9.7 | 25.8 | 38.7 | 25.8 |

Based on the responses gathered for the variable of compensation, it is evident that the statement with the highest percentage of "strongly agree" responses is the first statement: "I got it appropriate salary with desire I." This indicates that employees at Bumbu Masak Machmudah (BMM) feel satisfied with their salaries, as they are adequate to fulfill their everyday needs, with the minimum salary meeting the Sidoarjo Regency's UMR standards. Conversely, the statement with the lowest percentage of "strongly agree" responses is the fourth statement: "MSMEs provide various facilities, for example, clean rooms, adequate office tools, spacious parking areas, and other amenities." This suggests that the facilities available in the office may not entirely meet the employees' satisfaction, as some tools or office amenities are insufficient for optimal work performance. For instance, issues such as malfunctioning air conditioning units contribute to employees feeling dissatisfied with the provided facilities.

Description Response Employee About Performance Work (Y)

Table 6. Response Respondent to Performance Work (Y)

| No | Statement | Score | | | | |
|----|--|----------|---------|--------|--------|---------|
| | | STS 1 | TS 2 | N 3 | S 4 | SS 5 |
| 1 | I always work in accordance with order boss and try give the best | 1 | 4 | 21 | 30 | 37 |
| | Percentage (%) | 1.1 | 4.3 | 22.6 | 32.3 | 39.8 |
| 2 | I own it Lots insight and knowledge about my job do daily | 1 | 9 | 22 | 31 | 30 |
| | Percentage (%) | 1.1 | 9.7 | 23.7 | 33.3 | 32.3 |
| 3 | I own it initiation in solve my problem find in work | 0 | 7 | 24 | 31 | 31 |
| | Percentage (%) | 0 | 7.5 | 25.8 | 33.3 | 33.3 |
| 4 | I can accept instructions work and adapt with method Work as well as situation existing work | 1 | 3 | 25 | 39 | 25 |
| | Percentage (%) | 1.1 | 3.2 | 26.9 | 41.9 | 26.9 |
| 5 | I always guard connection Good with colleague work in MSMEs | 1 | 6 | 22 | 36 | 28 |
| | Percentage (%) | 1.1 | 6.5 | 23.7 | 38.7 | 30.1 |

| | | | | | | |
|---|---|-----|-----|----|------|------|
| 6 | I always try For enter Work with appropriate time and effort For No skipping work | 1 | 5 | 26 | 30 | 31 |
| | Percentage (%) | 1.1 | 5.4 | 28 | 32.3 | 33.3 |

Based on the responses gathered regarding the variable of work performance, it can be inferred that the statement with the highest percentage of "strongly agree" responses is the first statement, which reads: "I always am Work in accordance with order boss and try give the best." This indicates that employees consistently strive to work diligently and provide their best efforts for the success of the MSME. Conversely, the statement with the lowest percentage of "strongly agree" responses is the fourth statement: "I can do it accept instructions work and adapt with method Work as well as situation existing work". This suggests that there may be a lack of adaptability among employees at Bumbu Masak Machmudah (BMM), indicating a need for clearer instructions and guidance to facilitate effective work operation and adaptation to varying work situations.

Data Analysis and Discussion

Validity test used for measure legitimate or whether it is valid or not something questionnaire. Something questionnaire is said to be valid if questions on the questionnaire capable for disclose something that will measured through a questionnaire the. Following validity test results that have been carried out test researchers with SPSS 26.0:

Table 7. Validity test Motivation

| Statement | r count | Sign | r Table | Information |
|-----------|---------|------|---------|-------------|
| X1.1 | 0.809 | > | 0.1698 | Legitimate |
| X1.2 | 0.796 | > | 0.1698 | Legitimate |
| X1.3 | 0.810 | > | 0.1698 | Legitimate |
| X1.4 | 0.781 | > | 0.1698 | Legitimate |
| X1.5 | 0.748 | > | 0.1698 | Legitimate |
| X2.1 | 0.736 | > | 0.1698 | Legitimate |
| X2.2 | 0.779 | > | 0.1698 | Legitimate |
| X2.3 | 0.808 | > | 0.1698 | Legitimate |
| X2.4 | 0.843 | > | 0.1698 | Legitimate |
| Y.1 | 0.741 | > | 0.1698 | Legitimate |
| Y.2 | 0.755 | > | 0.1698 | Legitimate |
| Y.3 | 0.784 | > | 0.1698 | Legitimate |
| Y.4 | 0.787 | > | 0.1698 | Legitimate |
| Y.5 | 0.807 | > | 0.1698 | Legitimate |
| Y.6 | 0.746 | > | 0.1698 | Legitimate |

Based on the results of Table 7 show that all statement has r count > r Table i.e of 0.1698. From the results that, you can the conclusion that all statement for variable motivation is valid continues to testing furthermore. Based on the results of Table 7 show that all statement has r count > r Table i.e of 0.1698. From the results that, you can the conclusion that all statement for variable compensation is valid continues to testing furthermore. Based on the results above show that all statement has r count > r Table i.e of 0.1698. From the results that, you can the conclusion that all statement for variable performance Work is valid continues to testing furthermore. In research conducted on Micro, Small and Medium Enterprises (MSMEs) Machmudah Cooking Spices, there were three main variables studied: work motivation, work compensation and work achievement. Validity analysis is used to determine whether the questionnaire used in the research can be considered valid or not in measuring the intended construct.

Based on the results of the validity test carried out using SPSS 26.0, the validity table shows that all statements in the motivation, compensation and work achievement variables have an r count value that is greater than the predetermined r table value (0.1698). This shows that the questionnaire used in the research has an adequate level of validity in measuring the construct under study. The

use of this validity test is in accordance with the principles of research methodology which requires that the measuring instruments used to collect data have adequate reliability and validity. In this case, research ensures that the questions in the questionnaire actually measure what they are intended to measure, namely work motivation, work compensation, and work achievement.

Theoretically, these results are consistent with the concept of validity in psychological measurement and organizational behavior [12]. Construct validity is how well a measurement instrument measures what it is intended to measure. In this context, because all statements in the questionnaire have been proven to have adequate validity, this shows that the measurement tool effectively reflects the variables to be studied. Previous research has also shown that work motivation and work compensation have a significant relationship with work achievement in the context of MSMEs. Motivational theories such as Maslow's Hierarchy of Needs Theory or Victor Vroom's Expectancy Theory can be used to explain the relationship between work motivation and work achievement. Likewise, economic theories such as Agency Theory can be used to understand the relationship between job compensation and job achievement.

D. CONCLUSION

Based on the regression analysis, it can be concluded that both motivation at work and compensation significantly influence the performance of employees at Bumbu Masak Machmudah (BMM) when considered together. This is indicated by the calculated validated value exceeding the critical r count $> r$ Table, suggesting that improving both motivation at work and compensation could lead to an increase in performance. Moreover, individually, motivation at work and compensation also show significant influence on performance. Therefore, it can be inferred that enhancing motivation at work and providing fair compensation are important factors for enhancing employee performance at BMM.

E. AUTHOR DECLARATION

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