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THE EFFECT OF COMPENSATION ON EMPLOYEE SATISFACTION AT PT. BANK SULSELBAR MAKASSAR

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Abstract

This study aims to analyze the effect of compensation on employee satisfaction at PT. Bank Sulsebar Antang Branch Office. The research method used is a quantitative approach with Spearman Rank correlation analysis techniques, coefficient of determination (R^2), and t-test. The research sample consisted of 17 employees selected using the census technique. The results of the analysis show that compensation has a significant effect on employee satisfaction, where salary, benefits, incentives, and bonuses are the main factors that increase job satisfaction. These findings indicate that a fair and competitive compensation system contributes to increasing employee motivation and loyalty. Thus, companies need to strengthen compensation policies to improve employee welfare and overall organizational productivity.

Keywords: *compensation, employee satisfaction, banking, PT Bank Sulsebar, Makassar.*

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INTRODUCTION

Employee satisfaction is a key factor in determining the performance and productivity of an organization (Robbins & Judge, 2019). High job satisfaction can increase loyalty, motivation, and reduce employee turnover rates (Dessler, 2020). One of the factors that influences employee satisfaction is the compensation provided by the company (Milkovich & Newman, 2018). Fair and competitive compensation reflects the organization's appreciation of employee contributions (Pride Lambe & Tandi, 2021), thereby increasing the company's work enthusiasm and operational effectiveness (Mondy & Martocchio, 2016). In the banking sector, providing competitive compensation is an important strategy in maintaining quality human resources. Banks in Indonesia face challenges in maintaining employee satisfaction due to increasingly tight industry competition and economic dynamics that affect the welfare of the workforce (BPS, 2023). PT. Bank Sulselbar Antang Branch Office as part of the regional banking industry also faces similar challenges.

Therefore, an analysis of the effect of compensation on employee satisfaction is important to understand the extent to which the compensation policy implemented can improve employee welfare and loyalty in this sector. This study focuses on how compensation in the form of salary, allowances, incentives, and bonuses can contribute to employee satisfaction at PT. Bank Sulselbar Antang Branch Office. Based on the results of previous studies, compensation has a close relationship with job satisfaction, where an inadequate compensation system can lead to decreased motivation and increased employee turnover (Gomes, 2021). Therefore, this study is expected to provide insight for banking management in developing more effective compensation strategies to improve employee satisfaction and productivity.

Formulation of the problem

Based on the background that has been presented, this study attempts to answer the following questions:

1. Does compensation have a significant effect on employee satisfaction at PT. Bank Sulselbar Antang Branch Office?
2. What compensation factors have a dominant effect on employee satisfaction at the company?

Research purposes

This study aims to:

1. Analyze the effect of compensation on employee satisfaction at PT. Bank Sulselbar Antang Branch Office.
2. Identify the compensation factors that contribute most to employee satisfaction.

Benefits of research

Theoretically, this study is expected to add to the literature on the relationship between compensation and employee satisfaction in the banking industry in Indonesia. Practically, the results of this study can be used as recommendations for the management of

PT. Bank Sulselbar in designing a more effective compensation system to increase employee satisfaction and loyalty.

LITERATURE REVIEW

Compensation

Compensation is any form of reward given by an organization to employees for their contribution to achieving company goals (Dessler, 2020). Compensation can be categorized into direct financial compensation (salary, incentives, bonuses) and indirect financial compensation (allowances, insurance, facilities) (Milkovich & Newman, 2018). A fair and competitive compensation system plays a role in increasing employee motivation and loyalty, which ultimately has a positive impact on organizational productivity (Mondy & Martocchio, 2016).

In the context of the banking industry, compensation has a significant impact on employee performance and satisfaction (Nawangarsi & Sutawidjaya, 2019). A study conducted by Putra and Wijaya (2021) shows that an uncompetitive compensation system can lead to high turnover rates in the banking sector. Therefore, providing compensation that is in accordance with the responsibilities and workload of employees is very important to create a productive and sustainable work environment.

Employee Satisfaction

Employee satisfaction is defined as a positive emotional response to the work performed (Robbins & Judge, 2019). Job satisfaction is influenced by various factors, including compensation, work environment, relationships with coworkers, and career development opportunities (Spector, 2020). According to Herzberg's two-factor theory, motivating factors such as recognition and achievement contribute to job satisfaction, while maintenance factors such as compensation and working conditions play a role in reducing job dissatisfaction (Herzberg, 2017).

Research conducted by Santoso and Wibowo (2022) and (Susanti et al., 2024) found that adequate compensation can increase employee job satisfaction in the Indonesian banking industry. Similar findings were also confirmed in the research of Kusuma and Rahayu (2023), which showed that salary and incentive factors have a significant influence on the level of satisfaction of banking employees.

The Influence of Compensation on Employee Satisfaction

Several studies have confirmed a positive relationship between compensation and employee satisfaction (Pratiwi et al., 2021; Wahyuni & Suharyadi, 2022). A study conducted by Ramadhani et al. (2020) found that compensation provided fairly and transparently can increase job satisfaction and reduce employee stress levels. In addition, research conducted by Lestari and Sugiarto (2021) in the financial sector showed that a performance-based compensation system contributed significantly to increasing employee motivation and engagement with the company. Based on the literature that has been reviewed, the hypotheses developed in this study are as follows:

H1: Compensation has a positive and significant effect on employee satisfaction at PT. Bank Sulselbar Antang Branch Office.

Conceptual Framework

Based on the hypothesis that has been put forward above, the author tries to describe the conceptual framework of this research as in **Figure 1** below:

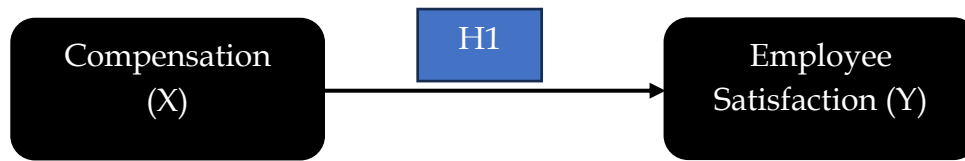


Figure 1. Conceptual Framework of Research

Source: Author's personal thoughts, 2025

METHODS

This study uses a quantitative approach with a causality design, which aims to test the relationship between compensation and employee satisfaction at PT. Bank Sulselbar Branch Office Antang. This approach was chosen because it allows objective measurement of the relationship between variables using inferential statistical techniques. The population in this study were all employees working at PT. Bank Sulselbar Branch Office Antang. Given the limited number of employees, this study used the census method, where all members of the population were used as research samples (Susilana, 2015). The number of respondents involved in this study was 17 employees, consisting of various positions and levels of work experience in the company. The data collection technique was carried out by distributing online questionnaires, which contained closed questions regarding compensation and job satisfaction.

This research was conducted at PT. Bank Sulselbar Branch Office Antang, Makassar City, in the period November 2024 to January 2025. This location was chosen because it was relevant to the research objectives in exploring compensation policies and their impact on job satisfaction in the regional banking sector. The data analysis techniques used in this study include descriptive statistical analysis to describe the characteristics of respondents, as well as Spearman's Rank correlation analysis, coefficient of determination (R^2), and t-test to test the relationship and significance between compensation variables and employee satisfaction (Riadi, 2016; Sugiyono, 2020).

Spearman's Rank Correlation is used because the data obtained is ordinal, while the t-test is used to test the hypothesis regarding the effect of compensation on job satisfaction. Data processing is carried out using statistical software to ensure the accuracy of the analysis and interpretation of the research results. With this approach, the study is expected to provide empirical insight into the relationship between compensation and job satisfaction, as well as become a basis for companies in designing more effective human resource policies.

RESULTS AND DISCUSSION

Respondent Characteristics

This study involved 17 employees of PT. Bank Sulselbar Antang Branch as respondents. Respondent characteristics were reviewed based on gender, age, last education, and length of service. Based on the analysis results, the majority of respondents were male (58.8%), while female (41.2%). This shows that the workforce at PT. Bank Sulselbar Antang Branch Office is more dominated by men. Respondents in this study have a diverse age range.

The majority of employees are in the 24-27 age group (47.2%), indicating that the workforce in this company is still dominated by the young age group.

Most respondents had a Bachelor's degree (S1) as many as 10 people (58.8%), followed by high school/vocational school graduates or equivalent as many as 3 people (17.6%), and Masters (S2) graduates as many as 3 people (17.6%). Most employees have worked at the company for 3 years (35.3%), while the rest have varying lengths of service from 6 months to more than 10 years.

Table 1 below summarizes the characteristics of the respondents:

Table 1. Respondent Characteristics

Characteristics	Category	Frequencies	Percentage (%)
Gender	Male	11	58,8
	Female	6	41,2
Ages	24-27 y.o	8	47,2
	28-38 y.o	7	41,2
	>38 y.o	2	11,8
Education	High School/Vocational School	3	17,6
	D3	1	5,9
	S1	10	58,8
	S2	3	17,6
Length of work	<1 year	2	11,8
	2-4 years	8	47,2
	5-10 years	5	29,4
	>10 years	2	11,8

Source: Processed primary data, 2025

Statistical Test Results

1. Spearman Rank Correlation Test

The Spearman Rank correlation test is used to measure the relationship between compensation (X) and employee satisfaction (Y). The results of the Spearman Rank correlation calculation show that the correlation value (r) is 0.746, which means that there is a strong and positive relationship between compensation and employee satisfaction. The Spearman rank correlation test is a test used to determine the strength of the relationship between the independent variable and the dependent variable (Sugiyono, 2020). This study uses Spearman rank correlation analysis because the data that has been processed has met the requirements for the Spearman rank correlation test. According to (Sugiyono, 2020) the type of data for Spearman rank correlation is ordinal data, comes from different sources, and data from both variables does not have to form a normal distribution. Thus, the Spearman rank correlation test can be formulated as follows:

$$r_s = 1 - \frac{6 \sum di^2}{n(n^2 - 1)}$$

Where:

r_s = Spearman rank correlation coefficient value

di^2 = difference in rank of each data

n = number of data

As for explaining the level of relationship in Spearman's rank correlation analysis according to (Santosa, 2018) is as follows:

Table 2. Correlation Relationship Level

Correlation Coefficient	Level of Closeness of Relationship
0,000 – 0,199	Very low
0,200 – 0,399	Low
0,400 – 0,599	Average
0,600 – 0,799	Strong
0,800 – 1,000	Very Strong

Source: (Sugiyono, 2020)

2. Test of Determination Coefficient (R^2)

The determination coefficient test (Adjusted R^2) is a test used to show how much the independent variables influence the dependent variables in this study. If the Adjusted R^2 value is close to one (1), then the independent variables have the ability to provide the information needed to predict the dependent variable (Yusuf et al., 2025), here are the results of the R^2 test:

Table 3. Results of Determination Coefficient Test

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.938 ^a	.880	.872	1.13994

a. Predictors: (Constant), satisfaction

Source: SPSS Output, 2025

Based on the results of the determination coefficient test on the SPSS application, it can be concluded that the R^2 value is the value of the influence of compensation of 0.880 or 88.0% on job satisfaction from the results of questionnaire data processing at PT. Bank Sulselbar Antang Branch Office. While 12% is influenced by other factors that are not studied or outside the study.

3. T-Test

To test the research hypothesis, a t-test was conducted and the results can be seen in the table below:

Table 4. t-Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	-2.839	3.019			-.940	.362
2	.686	.065	.938		10.511	.000

a. Dependent Variable: 1

Source: SPSS Output, 2025

Based on the test results using the SPSS analysis tool, the results can be obtained as in **table 4**, amounting to 10.511 and the significance value is 0.00 which is smaller than 0.05. So it can be concluded that compensation has a significant effect on employee satisfaction, thus the hypothesis is **accepted**.

Discussion

The results of the study indicate that compensation has a significant effect on employee satisfaction at PT. Bank Sulselbar Antang Branch Office. Based on the Spearman Rank correlation test, the r value = 0.746 was obtained, which indicates a strong and positive relationship between compensation and employee satisfaction. This finding is in line with previous studies which state that compensation is one of the main factors determining employee job satisfaction (Pratiwi et al., 2021; Wahyuni & Suharyadi, 2022).

Furthermore, the results of the determination coefficient (R²) test show that 88% of the variation in job satisfaction is explained by compensation, while 12% is influenced by other factors not included in this study, such as the work environment, leadership, and career development opportunities. The high Adjusted R² value indicates that this research model is strong enough to explain the relationship between compensation variables and employee satisfaction.

The results of the t-test also show that the t_count value = 10.511 with a significance of 0.000 (<0.05), so it can be concluded that compensation has a significant effect on employee satisfaction. This means that the better the compensation system implemented, the higher the level of employee satisfaction. This result is consistent with Herzberg's Two-Factor Theory, which states that compensation is a maintenance factor that contributes to reducing job dissatisfaction (Herzberg, 2017).

Practically, the results of this study indicate that compensation factors such as salary, benefits, incentives, and bonuses have an important role in increasing employee job satisfaction. Therefore, PT. Bank Sulselbar is advised to improve its compensation policy, both in the form of salary increases based on performance, providing more competitive benefits, and incentives that are in accordance with employee contributions. In addition, management can also consider other aspects such as career development and the work environment to further improve employee satisfaction and loyalty in the long term.

The results of this study also have implications for the banking sector more broadly. In a highly competitive banking industry, compensation is an important factor in maintaining quality human resources. Banking companies need to ensure that the compensation system implemented is not only fair but also performance-based in order to increase employee productivity and motivation.

Although this study has succeeded in proving the effect of compensation on employee satisfaction, there are several limitations that need to be considered. First, this study was only conducted at one branch of PT. Bank Sulselbar, so the results may not be generalized to the entire banking industry. Second, other factors that may influence job satisfaction, such as leadership style, organizational culture, and work environment, were not examined in this study. Therefore, further research is recommended to include additional variables to obtain a more comprehensive picture of the factors that influence employee satisfaction in the banking sector. Thus, the results of this study confirm that appropriate compensation policies can be a key strategy in improving employee job satisfaction, loyalty, and productivity at PT. Bank Sulselbar and the banking sector in general.

CONCLUSION

This study aims to analyze the effect of compensation on employee satisfaction at PT. Bank Sulselbar Antang Branch Office. The results of the study indicate that compensation has a significant and positive effect on employee job satisfaction, with a Spearman Rank correlation coefficient value of 0.746. In addition, the results of the determination coefficient test ($R^2 = 88\%$) indicate that compensation is the dominant factor influencing employee satisfaction, while the other 12% is influenced by other factors outside this study. The results of the t-test show a significant value, so the research hypothesis is accepted, namely that compensation has a significant effect on employee satisfaction.

This finding strengthens Herzberg's theory of maintenance factors in job satisfaction, where competitive and fair compensation can increase motivation and reduce job dissatisfaction. In the context of PT. Bank Sulselbar, compensation in the form of salary, allowances, incentives, and bonuses are the main elements that determine the level of employee satisfaction. Therefore, the company needs to continue to improve its compensation policy in order to remain competitive in attracting and retaining quality workers.

However, this study has several limitations. First, the study was only conducted at one branch of PT. Bank Sulselbar, so the results cannot be generalized to the entire banking sector. Second, this study only focuses on compensation as an independent variable, while other factors such as work environment, leadership, and career development opportunities are not analyzed in depth. For further research, it is recommended to expand the scope of the study by involving more branches or even comparing between banks in the regional banking sector. In addition, research can integrate other factors such as organizational culture, work-life balance, and employee engagement to provide a more comprehensive understanding of job satisfaction.

Overall, the results of this study confirm that a good compensation policy can be an effective strategy in increasing job satisfaction and employee loyalty. PT. Bank Sulselbar needs to continue to develop a performance-based compensation system and adjust it to labor market conditions in order to remain competitive in the increasingly dynamic banking industry.

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