

ABSTRACT

The role of teachers in the education system is crucial because they are responsible for transferring knowledge and shaping students' character. Work motivation and compensation are key factors that can influence teacher performance. The overall quality of education will be impacted by teacher performance.

This research was conducted at the Islamic Education Foundation (YPI) Pondok Pesantren Sirnamiskin. The independent variables in this study are compensation and work motivation, while the dependent variable is employee performance. This study aims to understand compensation, work motivation, and employee performance, as well as to determine the effect of compensation and work motivation on employee performance.

The educators and educational staff at this school constitute the population for this research, totaling 110 individuals. The sampling technique used in this study is saturated sampling. This study is quantitative and utilizes Partial Least Square Modelling (PLS-SEM) analysis. This method is employed to test predictive relationships by examining the relationships or effects among each construct. The hypothesis of this study is that compensation significantly affects employee performance, and work motivation significantly affects employee performance.

The results indicate that employee compensation is categorized as good, work motivation is categorized as strong, and employee performance is categorized as good. Based on the correlation results among the constructs, it can be concluded that employee compensation and work motivation have an impact on employee performance.

These findings can be used as a basis for evaluating efforts to improve employee performance at the Islamic Education Foundation (YPI) Pondok Pesantren Sirnamiskin. Additionally, this study can serve as a guideline for enhancing compensation and work motivation. Improving compensation and work motivation will significantly support achieving better employee performance.

Keywords: Compensation, Work Motivation, Employee Performance, Partial Least Square Modelling