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INTERNAL MOTIVATION, COMPENSATION, AND EMPLOYEE PERFORMANCE: A STUDY AT A LEASING COMPANY

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ABSTRACT

Monthly sales at a leasing-company branch in Balaraja District, Tangerang Regency, remained below target throughout 2025. This study examined whether intrinsic motivation and compensation were associated with employee performance at the branch. A cross-sectional survey gathered questionnaire responses from 100 employees using a five-point response scale. Pearson correlations and multiple linear regression were used to examine individual and joint associations. Intrinsic motivation showed a positive association with employee performance after adjustment for compensation (standardized coefficient = 0.519, t = 4.618, p < .001). Compensation was also positively associated with performance after adjustment for intrinsic motivation (standardized coefficient = 0.383, t = 3.407, p = .001). The overall regression was significant, F(2, 97) = 168.012, p < .001, with an adjusted coefficient of determination of 0.771. Intrinsic motivation had the larger standardized coefficient in the fitted model. The findings suggested that branch managers could review how work design supported employee initiative and how compensation policies communicated eligibility for incentives and benefits. The results described associations among self-reported measures at one branch.

1. INTRODUCTION

Employee performance matters to financing companies because the quality and timeliness of employees' work affect day-to-day service and the achievement of operational targets. Research on Indonesian employees has linked performance to job satisfaction, employee engagement, and affective organizational commitment (Kustiawan et al., 2022). Hermaen et al. (2024) likewise identified associations between job performance and work–life balance, employee engagement, and job satisfaction in a manufacturing setting. Together, these studies point to the value of examining the conditions under which employees perform their work.

At the leasing-company branch studied in Balaraja District, Tangerang Regency, monthly sales reached 79% to 95% of target in 2025, with the highest result in April and the lowest in January and December (Figure 1). The sales figures describe branch-level results and provided context for the employee survey. In a preliminary survey of 20 employees, each of the three items on completing assigned tasks, doing them well, and finishing them on time received 12 favorable responses. Fifteen respondents reported mutually supportive relationships with coworkers. Salary and bonus responses were evenly divided, with 10 favorable and 10 unfavorable responses on each item (Table 1).

Table 1. Selected preliminary survey responses

SURVEY ITEM	YES, N (%)	NO, N (%)
ABLE TO COMPLETE ALL ASSIGNED TASKS	12 (60%)	8 (40%)
PERFORMS TASKS WELL	12 (60%)	8 (40%)
COMPLETES TASKS ON TIME	12 (60%)	8 (40%)
I AM ALWAYS ABLE TO STAY FOCUSED WHILE COMPLETING TASKS	14 (70%)	6 (30%)

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SURVEY ITEM	YES, N (%)	NO, N (%)
I PERFORM MY WORK IN A PROPER, TRANSPARENT, AND ACCOUNTABLE MANNER.	15 (75%)	5 (25%)
HAS MUTUALLY SUPPORTIVE RELATIONSHIPS WITH COWORKERS	15 (75%)	5 (25%)
SALARY MEETS PERSONAL NEEDS	10 (50%)	10 (50%)
BONUSES MEET EXPECTATIONS	10 (50%)	10 (50%)

Source: Preliminary branch survey (N = 20).

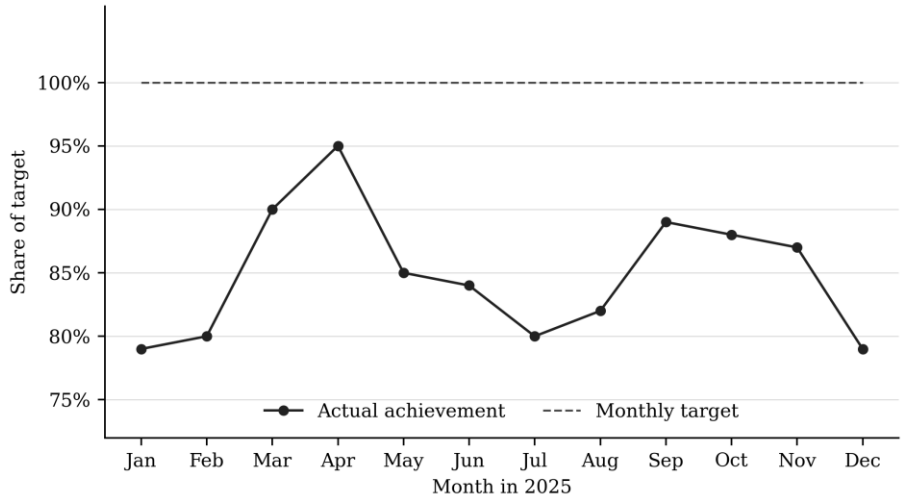

Figure 1. Monthly sales achievement relative to target in 2025

Source: Leasing-company branch sales records.

Two factors were selected for closer examination. Intrinsic motivation concerns employees' interest in the work and the satisfaction they derive from doing it. Compensation concerns the pay and benefits employees receive through their employment. Both are relevant to management decisions at the branch. Supervisors can influence how employees experience their tasks, while compensation policies determine how employee contributions are rewarded. Examining the variables together also shows whether either has a detectable association with performance when the other is held constant.

Previous research has examined work motivation and compensation together in hospitality, education, and postal services (Akhiryan & Ahmadi, 2024; Mulyeni et al., 2023; Zulfanni & Nugraha, 2021). Putuhena (2023) examined compensation and work motivation alongside other predictors in a leasing company in Ambon. This study adds evidence from a leasing branch in Balaraja and focuses specifically on intrinsic motivation. Its objectives were to estimate the individual associations of intrinsic motivation and compensation with employee performance and to assess whether the two predictors jointly accounted for variation in performance.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Intrinsic motivation

Self-determination theory distinguishes doing an activity for its inherent interest or enjoyment from doing it to obtain a separable outcome. It identifies autonomy, competence, and relatedness as basic psychological needs that can support autonomous motivation. Autonomy refers to a sense of volition, competence to feeling effective, and relatedness to feeling connected to others (Gagné et al., 2022; Ryan & Deci, 2017, 2020). In the workplace, job design and supervisory practices can help support these needs. The

study's questionnaire covered enjoyment, perceived competence, autonomy, curiosity, challenge, and personal value or meaning.

The findings of Van den Broeck et al. (2021) show that different forms of work motivation have different relationships with employee outcomes, including work performance. Kuvaas et al. (2017) reported positive associations between intrinsic motivation and favorable employee outcomes, including work performance. In hospitality, Pratomo et al. (2022) examined intrinsic and extrinsic motivation in relation to employee performance and reported positive relationships. Pamungkas et al. (2024) reported a positive direct association between intrinsic motivation and performance in a hospital pharmacy division, with no evidence of mediation through job satisfaction. These studies provide a basis for expecting intrinsically motivated employees to engage more fully in their tasks at the leasing branch.

H1. Intrinsic motivation is positively associated with employee performance after controlling for compensation.

Compensation

Compensation includes direct forms of pay, such as salaries, wages, bonuses, and incentives, as well as employer-provided benefits. Pay levels, the way pay is determined, and employees' perceptions of fairness can matter for performance (Fulmer et al., 2023). This study measured employees' perceptions of seven compensation components: salary, incentives, bonuses, wages, premiums, medical benefits, and insurance.

In South Tangerang, Dahlia & Fadli (2022) reported a positive relationship between compensation and performance at PT FYC Megasolusi. Akhiryan & Ahmadi (2024) found a similar relationship among educational staff in Jatipurno. Ervina et al. (2023) linked compensation to work motivation in their analysis of employees at the Palangka Raya post office. These findings support examining whether compensation perceptions remain associated with employee performance after accounting for intrinsic motivation.

H2. Compensation is positively associated with employee performance after controlling for intrinsic motivation.

Employee performance and the joint model

Employee performance in this study refers to how employees carry out their assigned work. It was assessed through self-reported items covering work quality, quantity, timeliness, effectiveness, independence, commitment, loyalty, and responsibility. Related research in Indonesia has examined performance alongside work motivation and discipline (Esthi & Marwah, 2020) and has linked performance to the support and flexibility provided by work arrangements (Arsadi et al., 2026).

Intrinsic interest and external incentives can both contribute to how employees perform. In "Intrinsic Motivation and Extrinsic Incentives Jointly Predict Performance," Cerasoli et al. (2014) found that intrinsic motivation and extrinsic incentives both predicted performance, with their relative importance varying by the kind of performance measured. Mulyeni et al. (2023) and Zulfanni & Nugraha (2021) reported significant joint relationships between work motivation, compensation, and performance in hospitality and postal-service settings. Accordingly, the joint hypothesis concerns whether the two predictors explain variation in performance when entered in the same model.

H3. Intrinsic motivation and compensation jointly account for significant variation in employee performance.

3. METHODS

The study used a quantitative, cross-sectional survey design to examine relationships among measured variables (Tegor et al., 2020). The study was conducted from October 2025 to February 2026 at one leasing-company branch in Balaraja District, Tangerang Regency. The analysis included 100 employee respondents. The total number of eligible employees was unavailable, so a sampling fraction could not be calculated. Questionnaires were distributed directly to respondents, and observation and interviews provided contextual information. The questionnaire responses were the input to the regression analysis.

The questionnaire used a five-point response scale from 1 (strongly disagree) to 5 (strongly agree). Intrinsic motivation was measured with 24 items, compensation with seven, and self-reported employee performance with eight. The operational domains are described in the literature review. The questionnaire documented employees' perceptions of their work and compensation; the company's monthly sales records provided background information at the branch level.

Data were processed in IBM SPSS Statistics 24. Corrected item–total correlations were used to screen items for consistency with their scale, and Cronbach's alpha summarized internal consistency (Boateng et al., 2018). The study used a corrected item–total correlation threshold above 0.20 and an alpha threshold above 0.60. These thresholds were used as screening criteria. The available evidence did not include a factor analysis or an independent validation of the instruments.

Bivariate relationships were summarized using Pearson correlations (Schober et al., 2018). Multiple linear regression was then used to estimate the conditional associations between intrinsic motivation (X_1), compensation (X_2), and employee performance (Y). Two-sided t tests assessed the individual regression coefficients, and an F test assessed the joint model at a 5% significance level. Model fit was summarized with R^2 and adjusted R^2. A residual histogram and normal probability plot were examined visually. Tolerance and variance inflation were approximated from the correlation between the two predictors (Vatcheva et al., 2016).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \quad (1)$$

4. RESULTS AND DISCUSSION

Results

Fifty-five respondents were men and 45 were women. The largest age group was under 25 years (49%), 65% reported a senior high school or vocational education, and 38% had worked at the company for less than one year. Table 2 reports the respondent characteristics.

Table 2. Respondent characteristics

CHARACTERISTIC	CATEGORY	N	%
GENDER	Male	55	55.0
	Female	45	45.0
AGE	< 25 years	49	49.0
	26–32 years	26	26.0
	33–40 years	13	13.0
	> 41 years	12	12.0
EDUCATION	Senior high school/vocational	65	65.0
	Diploma (D3)	20	20.0
	Bachelor's (S1)	15	15.0
LENGTH OF EMPLOYMENT	< 1 year	38	38.0
	1–3 years	33	33.0
	4–6 years	23	23.0
	> 6 years	6	6.0

Source: Employee survey (N = 100). Categories follow the recorded survey groups.

Table 3 summarizes the item screening and internal consistency results. The corrected item–total correlations ranged from 0.480 to 0.662 for intrinsic motivation, from 0.386 to 0.580 for compensation, and from 0.292 to 0.552 for employee performance. All 39 items exceeded the study's screening threshold. Table 4 provides the item-level correlations. Cronbach's alpha was 0.935 for intrinsic motivation, 0.755 for compensation, and 0.736 for employee performance.

Table 3. Item screening and internal consistency

SCALE	ITEMS	CORRECTED ITEM–TOTAL CORRELATION	CRONBACH'S ALPHA	ITEMS RETAINED
INTRINSIC MOTIVATION	24	0.480–0.662	0.935	24
COMPENSATION	7	0.386–0.580	0.755	7
EMPLOYEE PERFORMANCE	8	0.292–0.552	0.736	8

Source: SPSS item–total and reliability output (N = 100).

Table 4. Corrected item–total correlations by questionnaire item

ITEM	INTRINSIC MOTIVATION	COMPENSATION	EMPLOYEE PERFORMANCE
1	0.513	0.447	0.470
2	0.512	0.386	0.552
3	0.566	0.499	0.374
4	0.610	0.414	0.451
5	0.560	0.580	0.292
6	0.546	0.514	0.475
7	0.629	0.472	0.444
8	0.556	—	0.361
9	0.644	—	—
10	0.625	—	—
11	0.582	—	—
12	0.596	—	—
13	0.662	—	—
14	0.568	—	—
15	0.626	—	—
16	0.642	—	—
17	0.551	—	—
18	0.592	—	—
19	0.658	—	—
20	0.584	—	—
21	0.578	—	—
22	0.660	—	—
23	0.480	—	—
24	0.602	—	—

Source: SPSS item–total output. Dashes indicate item numbers outside the corresponding scale.

The residuals generally followed the diagonal in the normal probability plot, and the histogram was centered near zero (Figure 2). The plots also showed a small number of relatively large residuals. The largest standardized residual was approximately +4. No case-level influence statistics were available for evaluating the effect of these observations on the fitted model.

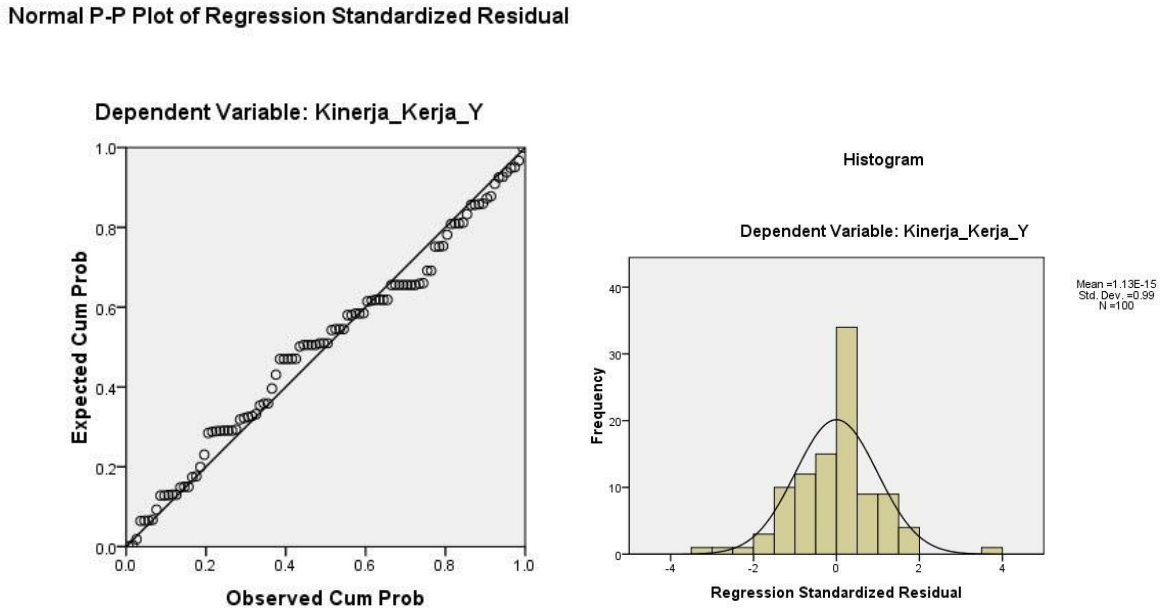

Figure 2. Normal probability plot and histogram of standardized regression residuals

Source: SPSS regression residual plots (N = 100).

Intrinsic motivation and compensation were positively correlated with employee performance, with Pearson coefficients of 0.866 and 0.852, respectively (Table 5). The correlation between the two predictors

was 0.904. For a model with these two predictors, that correlation implies approximate tolerance of 0.183 and a variance inflation factor of 5.47 for each predictor, subject to rounding.

Table 5. Pearson correlations

VARIABLE	1	2	3
1. EMPLOYEE PERFORMANCE	1.000	0.866	0.852
2. INTRINSIC MOTIVATION	0.866	1.000	0.904
3. COMPENSATION	0.852	0.904	1.000

Source: SPSS Pearson correlation output (N = 100). All off-diagonal correlations had $p < .001$ in the reported one-tailed tests.

The regression estimates are presented in Table 6. Intrinsic motivation was positively associated with employee performance after compensation was held constant ($B = 0.590$, β = 0.519, $t = 4.618$, $p < .001$), supporting H1. Compensation was positively associated with performance after intrinsic motivation was held constant ($B = 0.407$, β = 0.383, $t = 3.407$, $p = .001$), supporting H2. The standardized coefficient for intrinsic motivation was larger in this sample. Equation (2) presents the fitted regression in the units used in the available output.

$$\hat{Y} = 0.007 + 0.590X_1 + 0.407X_2 \quad (2)$$

Table 6. Multiple regression coefficients for employee performance

PREDICTOR	B	SE	B	T	P
(CONSTANT)	0.007	0.227	—	0.032	.974
INTRINSIC MOTIVATION (X1)	0.590	0.128	0.519	4.618	< .001
COMPENSATION (X2)	0.407	0.120	0.383	3.407	.001

Source: SPSS coefficients output (N = 100). $R = 0.881$, $R^2 = 0.776$, adjusted $R^2 = 0.771$. Standard error of the estimate = 0.26197.

The overall regression was significant, $F(2, 97) = 168.012$, $p < .001$, supporting H3 (Table 7). The multiple correlation coefficient was 0.881. The model accounted for 77.6% of the observed variation in performance ($R^2 = 0.776$). The adjusted R^2 was 0.771.

Table 7. Analysis of variance for the regression model

SOURCE	SUM OF SQUARES	DF	MEAN SQUARE	F	P
REGRESSION	23.061	2	11.531	168.012	< .001
RESIDUAL	6.657	97	0.069	—	—
TOTAL	29.718	99	—	—	—

Source: SPSS analysis-of-variance output. Outcome: employee performance. Predictors: intrinsic motivation and compensation.

Discussion

Intrinsic motivation showed a positive association with employee performance after compensation was held constant. The finding is consistent with self-determination theory and with evidence linking the quality of work motivation to job outcomes (Gagné et al., 2022; Kuvaas et al., 2017; Van den Broeck et al., 2021). For employees whose work involves customer contact and operational targets, interest in the work and a sense of competence may help sustain attention and effort. The study estimated the relationship for the overall motivation scale; it did not estimate separate relationships for its six domains.

Compensation also showed an independent positive association with performance. This result is consistent with prior studies in South Tangerang and the postal-service sector (Dahlia & Fadli, 2022; Zulfanni & Nugraha, 2021). A practical implication is to examine how clearly the branch communicates its compensation policies, particularly eligibility for incentives, bonuses, and benefits. Fulmer et al. (2023) identified pay design and the context in which employees receive pay as important to interpreting compensation–performance relationships. The aggregate association in this study does not establish which compensation component matters most.

The joint model indicates that both predictors contributed information about the employee-performance scores in the available sample. This is consistent with evidence that intrinsic motivation and

incentives can jointly predict performance (Cerasoli et al., 2014). At the same time, the predictor correlation of 0.904 means that the larger standardized coefficient for intrinsic motivation should be interpreted cautiously. The analysis did not formally test whether the two coefficients differed from one another, and the joint F test assessed overall model fit rather than interaction between the two predictors.

The data came from one branch and were collected in a single period using self-reported measures. The estimates therefore describe associations in the participating employees and cannot establish causality or generalize to other branches. Workload, leadership, job satisfaction, and work arrangements are possible factors for future studies, consistent with performance research in manufacturing and hybrid workplaces (Arsadi et al., 2026; Hermaen et al., 2024). The available item-frequency and item–total summaries yielded different descriptive means for intrinsic motivation. Item-level response distributions were omitted pending reconciliation with the original survey file. The model estimates were transcribed from the available regression output. The coding and construction of the composite scores, the constancy of residual variance, and the influence of extreme observations require verification using the original analysis files.

CONCLUSION

In the Balaraja leasing branch, intrinsic motivation and compensation each showed a positive association with self-reported employee performance after adjustment for the other predictor. The two variables jointly accounted for substantial variation in performance, with an adjusted R^2 of 0.771. Intrinsic motivation had the larger standardized coefficient in the fitted model.

Branch management can use these results to prioritize two areas for review: opportunities for employees to exercise initiative and develop competence, and the clarity and perceived fairness of incentives, bonuses, and benefits. Future studies could compare multiple branches, combine self-reports with supervisor-rated or administrative performance indicators, and use longitudinal designs to test whether changes in work conditions precede changes in performance.

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