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The Synergy of Self-Efficacy, Job Satisfaction, and Compensation in Optimizing Employee Performance

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ABSTRACT: Employee performance is a critical determinant of organizational success, particularly within the competitive landscape of the garment and retail industry in Bali. This study aims to investigate the influence of self-efficacy, job satisfaction, and compensation on employee performance at PT Harmattan Indonesia. Utilizing a quantitative-associative research design, data were collected from 50 employees through a saturated sampling (census) technique. Structured questionnaires were employed as the primary instrument, which underwent rigorous validity and reliability testing. Data were analyzed using multiple linear regression analysis via SPSS to test the hypothesized relationships. The results demonstrate that self-efficacy, job satisfaction, and compensation collectively and significantly influence employee performance, with a coefficient of determination of 0.736. Specifically, self-efficacy emerged as the most dominant predictor, followed by compensation and job satisfaction. These findings suggest that performance optimization requires a holistic approach that integrates internal cognitive empowerment, affective well-being, and an equitable reward system. Practically, management should prioritize psychological development and refine incentive structures to sustain high productivity and achieve strategic sales targets in a dynamic market environment.

INTRODUCTION

In the era of global business volatility, the attainment of sustainable competitive advantage has become a primary objective for organizations across sectors. Within this dynamic environment, human resources are increasingly recognized as strategic assets because employee capability, motivation, and behavior strongly determine organizational effectiveness and performance outcomes (Gazi et al., 2024; Lomyati & Tridayanti, 2023). As the only organizational resource capable of creativity, innovation, and complex problem-solving, employees function as the main driving force behind the achievement of organizational goals. Consequently, the optimization of employee performance is not merely an operational concern, but also a strategic necessity for long-term organizational survival and growth in an unpredictable market (Ariani, 2023; Gazi et al., 2024).

In the Indonesian context, the garment and accessories industry has experienced rapid growth alongside increasingly intense competition. Bali, as a center of tourism and creative industry development, provides a competitive business environment that requires companies to maintain high levels of workforce effectiveness and adaptability. Among the firms operating in this sector, PT Harmattan Indonesia in Badung Regency represents one of the companies whose business success is closely tied to employee productivity and performance. The company's ability to respond to fluctuating market demand depends substantially on how effectively employees perform their assigned roles. However, internal company data from 2023 indicate that PT Harmattan Indonesia consistently failed to fully achieve its sales targets, with an average realization rate of only 92.27%. This condition suggests that employee performance has not yet reached the optimal level expected by the organization, thereby warranting further investigation into the factors influencing such performance.

The decline in employee performance at PT Harmattan Indonesia is presumed to be influenced by a combination of psychological and organizational factors. Preliminary observations indicate that several employees experience low self-confidence when handling

customer complaints and completing challenging tasks, even though self-efficacy has been shown to play an important role in shaping work performance and adaptive behavior (Hur et al., 2021; Razak, 2021). In addition, job satisfaction appears to be another critical issue, as unfavorable social interactions and interpersonal tensions in the workplace may reduce employees' positive feelings toward their jobs and weaken their performance contributions (Inayat & Jahanzeb Khan, 2021; Katebi et al., 2022). Compensation problems also emerged as a relevant concern, particularly dissatisfaction with overtime pay and performance-based incentives, which may lower employee morale and reduce their willingness to perform optimally (Katabalo & Mwita, 2024; Luitel & Humagain, 2025). Although many prior studies have examined employee performance determinants, the findings remain inconsistent and fragmented. Some studies report that self-efficacy has a significant positive effect on employee performance, while others suggest that the relationship may vary depending on contextual and organizational conditions (Hadi, 2023; Lin et al., 2022). Similar inconsistencies also appear in studies on job satisfaction and compensation, whose effects on performance differ across sectors, institutions, and work settings (Saman, 2020; Panda et al., 2024). Therefore, research that simultaneously examines self-efficacy, job satisfaction, and compensation within the socio-economic context of Bali's garment and fashion trade sector remains limited.

This study aims to fill this gap by analyzing the effect of self-efficacy, job satisfaction, and compensation on employee performance at PT Harmattan Indonesia. Conceptually, self-efficacy reflects an employee's belief in their capability to carry out work tasks successfully, and this belief has been found to encourage higher work achievement and more effective job behavior (Nguyen et al., 2017; Sürücü et al., 2022). At the same time, job satisfaction represents a positive emotional evaluation of one's work, which can enhance commitment, motivation, and performance in organizational settings (Inayat & Jahanzeb Khan, 2021; Panda et al., 2024). Compensation, as an extrinsic reward mechanism, also plays a crucial role in strengthening employee motivation, satisfaction, and overall work outcomes when it is perceived as fair and appropriate (Katabalo & Mwita, 2024; Asriani et al., 2020). By integrating these internal and external factors, this study seeks to provide a more comprehensive explanation of the employee performance challenges faced by the company.

The novelty of this research lies in its integrative examination of self-efficacy, job satisfaction, and compensation within a single analytical framework applied specifically to Bali's garment trade industry. Previous studies have often examined these variables separately, even though employee performance is more realistically shaped by the interaction between psychological capacity, affective work experience, and material rewards (Mafrukhah et al., 2023; Sindyania et al., 2024). Accordingly, this study proposes a more balanced perspective by considering both cognitive-psychological and financial-organizational dimensions in explaining employee performance. Practically, the findings are expected to provide useful insights for management in designing training initiatives to strengthen employee confidence, building a more satisfying work environment, and improving compensation systems so they become more equitable and motivating (Lomyati & Tridayanti, 2023; Katabalo & Mwita, 2024).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Goal Setting Theory

The foundational framework of this research is anchored in Goal Setting Theory, which explains that specific and challenging goals can enhance individual motivation and task accomplishment when employees are committed to achieving them. In the organizational context, employee behavior is not viewed as accidental, but as a purposive response directed toward the achievement of clear work targets. When employees at PT Harmattan Indonesia are given explicit performance objectives, such goals may function as a cognitive guide that directs attention, effort, and persistence toward productive outcomes (Nguyen et al., 2017; Sürücü et al., 2022). This perspective is relevant because performance is often strengthened when individuals not only understand the targets they must achieve, but also believe that they are capable of accomplishing them. In this regard, self-efficacy becomes a crucial psychological factor because employees with stronger confidence in their abilities tend to demonstrate greater persistence, adaptability, and achievement in completing their job responsibilities (Hur et al., 2021; Razak, 2021). Goal Setting Theory also provides a useful explanation for the relationship between internal motivation and performance outcomes. Employees who possess high self-efficacy are more likely to maintain strong effort when facing obstacles and work pressure, which ultimately contributes to better performance (Hadi, 2023; Nguyen et al., 2017). In addition, the pursuit of organizational goals is not sustained by internal confidence alone, but also by workplace conditions that reinforce employee willingness to perform. Positive work experiences such as satisfaction and fair compensation may strengthen the employee's motivation to remain engaged in achieving assigned goals over time (Ariani, 2023; Katabalo & Mwita, 2024). Therefore, Goal Setting Theory serves as an appropriate grand theory in this study because it connects goal-directed behavior with the internal and external conditions that shape employee performance.

Human Resource Management and Social Exchange

To complement the grand theory, this study incorporates Human Resource Management and Social Exchange Theory as supporting perspectives. Human Resource Management emphasizes that employee performance is the result of both individual capacity and organizational practices designed to support employee effectiveness. From this perspective, management is responsible for aligning employee needs with organizational goals through strategic practices such as compensation systems, motivation-building mechanisms, and the creation of a supportive work environment (Ariani, 2023; Lomyati & Tridayanti, 2023). This perspective is important because performance improvement does not solely depend on employee ability, but also on how well the organization

manages and develops its human resources. Social Exchange Theory further explains the psychological mechanism underlying the relationship between job satisfaction, compensation, and employee performance. The theory assumes that employees respond positively when they perceive that the organization provides fair treatment, valuable rewards, and supportive working conditions. In such situations, employees are likely to reciprocate by demonstrating stronger commitment, higher effort, and better performance in return for the benefits they receive from the organization (Adnan et al., 2021; Gomes et al., 2022). Job satisfaction reflects an employee's positive emotional response to work, and this condition often encourages more productive and constructive work behavior (Inayat & Jahanzeb Khan, 2021; Katebi et al., 2022). Likewise, compensation functions as an important exchange instrument because fair and appropriate financial rewards can increase motivation, satisfaction, and employee willingness to contribute more effectively to organizational success (Asriani et al., 2020; Luitel & Humagain, 2025). Ultimately, these supporting theories provide the structural basis for understanding the variables examined in this study. While Goal Setting Theory explains the intentional and motivational direction of employee behavior, Human Resource Management and Social Exchange Theory explain the organizational context and reciprocal mechanisms that sustain such behavior. By integrating these perspectives, this research develops a comprehensive model that captures the cognitive, affective, and economic dimensions influencing employee performance in the retail fashion industry (Mafrukhah et al., 2023; Sindyania et al., 2024).

The Influence of Self-Efficacy on Employee Performance

Self-efficacy refers to an individual's belief in their ability to organize and execute the actions required to accomplish specific tasks successfully. In the workplace, self-efficacy is closely related to persistence, confidence, and the ability to respond effectively to job demands. Employees with high self-efficacy tend to perceive difficult tasks as challenges to be overcome rather than threats to be avoided, which encourages stronger effort and greater engagement in their work (Hur et al., 2021; Razak, 2021). This proactive orientation contributes to better work quality and quantity because confident employees are more willing to take initiative and sustain performance under pressure. Empirical studies have shown that self-efficacy is an important internal determinant of employee performance. Employees who believe in their capabilities are generally more resilient in facing obstacles, more adaptive in solving problems, and more consistent in achieving work targets (Hadi, 2023; Sürücü et al., 2022). In addition, self-efficacy has been found to strengthen work behavior by reducing hesitation and supporting more effective task execution (Nguyen et al., 2017; Lin et al., 2022; Aristana et al., 2025). For employees at PT Harmattan Indonesia, strong self-belief is expected to improve their effectiveness in handling customer interactions, addressing complaints, and achieving sales targets. When employees are confident in their competencies, they are more likely to remain focused, minimize errors, and produce higher levels of performance. Therefore, the following hypothesis is proposed:

H1: Self-efficacy has a positive and significant effect on employee performance.

The Influence of Job Satisfaction on Employee Performance

Job satisfaction is defined as a positive emotional state that arises from an individual's evaluation of their job and work experience. It reflects how employees feel about various dimensions of work, including the job itself, supervision, co-worker relationships, compensation, and career opportunities. From an organizational perspective, satisfied employees are more likely to develop positive attitudes toward their work and show stronger commitment to organizational goals. This condition can encourage employees to work more productively, cooperate more effectively, and contribute more positively to overall organizational outcomes (Inayat & Jahanzeb Khan, 2021; Katebi et al., 2022). The relationship between job satisfaction and employee performance has been widely supported in previous studies. Higher job satisfaction tends to increase morale, strengthen work motivation, and improve individual effectiveness in carrying out job responsibilities (Gazi et al., 2024; Panda et al., 2024). Moreover, employees who are satisfied with their work environment are more likely to display constructive job behavior and maintain stable performance over time (Srivastav et al., 2024; Ariani, 2023). In the context of PT Harmattan Indonesia, a satisfying work environment characterized by supportive interpersonal relationships and meaningful work is expected to increase employee dedication and performance. When employees feel appreciated and comfortable in their workplace, they are more likely to align their effort with the company's strategic objectives. Therefore, the following hypothesis is proposed:

H2: Job satisfaction has a positive and significant effect on employee performance.

The Influence of Compensation on Employee Performance

Compensation refers to all forms of financial rewards, benefits, and tangible returns that employees receive in exchange for their work contributions. As an extrinsic motivator, compensation plays an important role in attracting, retaining, and motivating employees to perform according to organizational expectations. Fair and competitive compensation can strengthen employee enthusiasm, reinforce desired work behavior, and encourage employees to exert greater effort in achieving performance targets. In contrast, dissatisfaction with compensation may reduce morale and weaken employee willingness to perform optimally (Katabalo & Mwita, 2024; Luitel & Humagain, 2025). A number of studies have confirmed that compensation has a positive relationship with employee performance. Employees who perceive their salaries, incentives, and bonuses as fair are more motivated to work effectively and contribute to organizational success (Asriani et al., 2020; Saman, 2020; Aristana et al., 2026). Compensation is also closely linked to job satisfaction and organizational performance because it reflects how much the organization values employee

contributions (Lomyati & Tridayanti, 2023; Sitorus & Hidayat, 2023). For employees at PT Harmattan Indonesia, compensation in the form of wages, incentives, and bonuses is expected to function as both economic support and recognition of performance. A well-designed compensation system can provide employees with stronger motivation to meet and exceed sales targets in a highly competitive retail environment. Therefore, the following hypothesis is proposed:
H3: Compensation has a positive and significant effect on employee performance.

RESEARCH METHODS

This study employs a quantitative-associative research design to examine the relationship between self-efficacy, job satisfaction, compensation, and employee performance. The associative approach is used to determine the influence and correlation between the independent and dependent variables. This research was conducted at PT Harmattan Indonesia, located in Badung, Bali. The population for this study includes all employees of the company, totaling 50 individuals. Given the relatively small and manageable population size, this study utilizes a saturated sampling (census) technique, where the entire population is included as the research sample. Primary data were gathered through the distribution of structured questionnaires using a 5-point Likert scale, while secondary data were obtained through institutional documentation and internal performance reports. To ensure consistency in measurement, the following table 1. outlines the operational definitions and indicators for each variable:

Table 1. Measurement of Variables and Operational Definitions

Variable	Operational Definition	Measurement/Indicators
Self-Efficacy (X1)	An individual's belief in their capability to organize and execute actions required to achieve specific goals.	1. Magnitude
		2. Generality
		3. Strength
Job Satisfaction (X2)	A positive emotional state resulting from an employee's appraisal of their job or work experiences.	1. Mentally challenging work
		2. Equitable rewards
		3. Supportive working conditions
		4. Supportive colleagues
Compensation (X3)	All forms of financial and non-financial rewards received by employees in exchange for their labor and contribution.	1. Salary and wages
		2. Incentives and bonuses
		3. Health and safety insurance
		4. Facilities
Employee Performance (Y)	The quality and quantity of work results achieved by an employee in performing their duties according to their responsibilities.	1. Work quality
		2. Work quantity
		3. Timeliness
		4. Effectiveness
		5. Independence

The empirical assessment in this study was conducted through a systematic quantitative approach, beginning with a rigorous evaluation of the research instrument's integrity to ensure the precision and stability of the data. Prior to the structural estimation, validity and reliability tests were performed, where item-to-total correlations were scrutinized to verify that each indicator accurately captured the conceptual essence of self-efficacy, job satisfaction, compensation, and performance, while Cronbach's Alpha coefficients were calculated to confirm the internal consistency of the measurement scales. Following the substantiation of the instrument's psychometric properties and the fulfillment of classical assumption requirements including normality, non-multicollinearity, and homoscedasticity the data were analyzed using Multiple Linear Regression. This statistical technique served to model the functional relationship between the independent variables and employee performance, utilizing the coefficient of determination (R^2) to assess the model's explanatory power and partial t-tests to evaluate the significance of each hypothesized influence. This integrated analytical procedure ensures that the resulting inferences regarding the drivers of productivity at PT Harmattan Indonesia are both statistically robust and theoretically sound.

RESULTS

Before proceeding to the structural model analysis, it is essential to establish the empirical robustness of the research instrument. This is achieved by evaluating the extent to which the indicators accurately represent the underlying constructs and the degree to which the measurements remain consistent. Table 2 summarizes the results of the validity and reliability assessments for self-efficacy, job satisfaction, compensation, and employee performance.

Table 2. Validity and Reliability Test Results

Variable	Item Code	Pearson Correlation	Cronbach's Alpha	Remark
Self-Efficacy (X1)	X1.1	0.829	0.837	Valid & Reliable
	X1.2	0.814		
	X1.3	0.851		
	X1.4	0.786		
Job Satisfaction (X2)	X2.1	0.836	0.883	Valid & Reliable
	X2.2	0.884		
	X2.3	0.638		
	X2.4	0.853		
	X2.5	0.896		
Compensation (X3)	X3.1	0.888	0.893	Valid & Reliable
	X3.2	0.869		
	X3.3	0.849		
	X3.4	0.884		
Employee Performance (Y)	Y.1	0.785	0.907	Valid & Reliable
	Y.2	0.860		
	Y.3	0.917		
	Y.4	0.864		
	Y.5	0.844		

The statistical output shown in Table 1 confirms that the research instrument possesses high psychometric integrity. The validity test indicates that all items for the four variables have a Pearson Correlation value (r-value) significantly higher than the critical r-table value (approximately 0.279 for N=50) with a significance level of less than 0.05. This demonstrates that each statement in the questionnaire is capable of measuring the specific constructs it was intended to measure. Furthermore, the reliability test shows that the Cronbach's Alpha coefficients for all variables exceed the conventional threshold of 0.60, ranging from 0.837 to 0.876. These high values signify that the internal consistency of the indicators is robust, meaning the instrument will yield stable and dependable results across different measurements. Consequently, the data collected from these 50 respondents are considered highly valid and reliable, providing a solid foundation for subsequent multiple linear regression analysis.

To provide a comprehensive contextual background of the participants involved in this study, the demographic characteristics of the 50 employees at PT Harmattan Indonesia were documented. Analyzing these profiles including gender, age, and length of service is crucial as these individual backgrounds often influence professional behavior and work perspectives. Table 3 presents a detailed breakdown of the respondents' demographic data.

Table 3. Profile of Respondents

Category	Classification	Frequency	Percentage (%)
Gender	Male	21	42
	Female	29	58
Age	< 25 Years Old	24	48
	25 – 35 Years Old	18	36
	> 35 Years Old	8	16
Education Level	High School (SMA/K)	32	64
	Diploma/Bachelor (S1)	18	36
Length of Service	< 2 Years	22	44
	2 – 5 Years	19	38
	> 5 Years	9	18

The demographic distribution illustrated in Table 3 reveals a diverse workforce with a notable concentration in specific segments. The data indicates a female-dominated workforce (58%), which is characteristic of the garment and retail accessory industry in Bali. In terms of age, nearly half of the employees (48%) are under 25 years old, suggesting that PT Harmattan Indonesia relies heavily on a Generation Z workforce that is generally characterized by high energy but may require more structured self-efficacy

development. Furthermore, the educational background is predominantly high school graduates (64%), aligning with the operational and technical nature of the production and sales roles. Regarding tenure, a significant portion of the staff (44%) has been with the company for less than two years. This relatively short length of service underscores the importance of compensation and job satisfaction as critical retention tools to prevent turnover and maintain organizational knowledge. Collectively, these demographic insights provide a foundational understanding of the workforce's profile, which will be further analyzed in relation to their performance metrics.

Prior to the execution of the multiple linear regression analysis, a series of classical assumption tests were conducted to ensure that the research model is free from statistical bias and provides the Best Linear Unbiased Estimator (BLUE). The normality test, utilizing the One-Sample Kolmogorov-Smirnov method, yielded an Asymptotic Significance value of 0.168, which exceeds the 0.05 threshold, thus confirming that the residual data are normally distributed. Furthermore, the multicollinearity test demonstrated that the model is robust, with Variance Inflation Factor (VIF) values for self-efficacy (1.569), job satisfaction (1.569), and compensation (1.583) all remaining well below the limit of 10, while tolerance values were consistently above 0.10. This indicates an absence of strong inter-correlations between the independent variables. Additionally, the heteroscedasticity test using the Glejser method showed that the significance values for all independent variables self-efficacy (0.145), job satisfaction (0.533), and compensation (0.241) were greater than 0.05, signifying that there is no variance inequality in the residuals across observations. Collectively, these results substantiate that the regression model fulfills all necessary econometric requirements for reliable hypothesis testing.

After confirming that the research model satisfies all classical assumption requirements, the study proceeded to estimate the functional relationship between the independent variables and employee performance. Multiple linear regression analysis was utilized to determine the individual impact of self-efficacy (X1), job satisfaction (X2), and compensation (X3) on the dependent variable (Y). The regression results, summarizing the coefficients and significance levels, are presented in the following tables which mirror the standard statistical output.

Table 4. Multiple Linear Regression Analysis

Dependent Variable: Employee Performance (Y)					
Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-1.777	1.813		-0.980	0.332
Self-Efficacy (X1)	0.541	0.117	0.404	4.604	0.000
Job Satisfaction (X2)	0.357	0.113	0.299	3.150	0.003
Compensation (X3)	0.414	0.11	0.357	3.751	0.000
R Square	0.736				
Adjusted R Square	0.719				

The multiple linear regression analysis results, as presented in Table 4, demonstrate that self-efficacy (X1), job satisfaction (X2), and compensation (X3) collectively exert a substantial influence on employee performance (Y), as evidenced by the high R-Square value of 0.736. This indicates that the proposed model possesses a significant "explanatory power," accounting for 73.6% of the variance in productivity, while the remaining 26.4% is attributable to exogenous factors beyond this study's scope. Individually, self-efficacy emerged as the primary driver of performance with a coefficient of 0.541 and the highest t-statistic (4.604, $p < 0.001$), suggesting that internal confidence is the most critical catalyst for task mastery. Furthermore, job satisfaction and compensation also yielded significant positive impacts ($p < 0.05$), with coefficients of 0.357 and 0.414 respectively, reinforcing the premise that a gratifying work environment and an equitable reward system are indispensable for sustaining high output levels. Consequently, the regression equation $Y = -1.777 + 0.541X1 + 0.357X2 + 0.414X3$ substantiates that a synergistic integration of psychological empowerment and external organizational stimuli is vital for optimizing human resource performance within PT Harmattan Indonesia.

DISCUSSION

The Role of Self-Efficacy as a Cognitive Driver of Employee Performance

The findings of this study confirm that self-efficacy is the most influential factor in determining employee performance at PT Harmattan Indonesia. This result is consistent with the view that employees' belief in their own competence strongly shapes the intensity of effort, persistence, and effectiveness of task execution in the workplace (Nguyen et al., 2017; Sürücü et al., 2022). In the high-pressure environment of the fashion and accessories trade, employees are frequently confronted with complex challenges, including fluctuating inventory demand and demanding customer interactions. Employees with strong self-efficacy tend not to perceive such conditions as threats, but rather as challenges that can be managed through skill, persistence, and adaptive behavior (Hur et al., 2021; Razak, 2021). This positive cognitive appraisal encourages employees to remain resilient and maintain work quality even when facing pressure and uncertainty. The result also indicates that self-efficacy contributes to stronger work

engagement and a greater willingness to take initiative in completing job responsibilities. Employees who believe in their own capabilities are more likely to remain focused on problem solving, reduce hesitation, and perform tasks more effectively in dynamic work situations (Hadi, 2023; Lin et al., 2022). In the context of PT Harmattan Indonesia, self-efficacy likely enables employees to respond more confidently to customer needs, resolve complaints more efficiently, and pursue sales targets with stronger persistence. This finding reinforces the argument that technical competence alone is not sufficient to produce optimal performance, because employees also require psychological confidence to translate their skills into effective workplace behavior. Therefore, self-efficacy can be understood as a key cognitive resource that strengthens employee performance in a competitive retail environment.

Job Satisfaction as an Affective Catalyst for Productivity and Reciprocity

This research further demonstrates that job satisfaction functions as an important affective factor in enhancing employee productivity. Employees who experience satisfaction with their work, work environment, and interpersonal relationships tend to develop more positive attitudes toward their organization and show stronger willingness to contribute to its success (Inayat & Jahanzeb Khan, 2021; Katebi et al., 2022). From an organizational perspective, job satisfaction reduces negative work behavior and strengthens constructive attitudes that support higher performance. When employees feel comfortable, appreciated, and emotionally connected to their workplace, they are more likely to display commitment and maintain consistent effort in carrying out their duties. In the case of PT Harmattan Indonesia, job satisfaction appears to stem not only from the nature of the work itself, but also from the quality of social interaction within the organization. A collaborative work climate and supportive relationships among co-workers and supervisors can create a positive emotional experience that strengthens employee willingness to align personal effort with organizational goals (Ariani, 2023; Gazi et al., 2024). This finding is also in line with evidence that satisfied employees tend to demonstrate better job behavior and more stable levels of performance over time (Panda et al., 2024; Srivastav et al., 2024; Aristana et al., 2024). Thus, job satisfaction should not be viewed merely as an element of employee well-being, but as a strategic organizational condition that helps create a sustainable cycle of productivity and stronger employee contribution.

Compensation as a Strategic Extrinsic Stimulus for Performance Alignment

The significant effect of compensation highlights its continuing role as a major extrinsic motivator in aligning employee effort with organizational objectives. Compensation is not merely a financial exchange, but also a signal of how much the organization values the contribution of its employees. When compensation is perceived as fair, adequate, and proportional to employee effort, it can stimulate stronger motivation and encourage employees to perform more effectively (Katabalo & Mwita, 2024; Luitel & Humagain, 2025). Conversely, dissatisfaction with compensation may weaken morale, reduce motivation, and hinder employees from achieving the expected performance standards. For employees at PT Harmattan Indonesia, compensation in the form of salary, bonuses, and overtime pay likely functions as both economic support and organizational recognition. Previous studies have shown that fair compensation improves employee motivation and can directly strengthen job performance by encouraging employees to increase effort and maintain productivity (Asriani et al., 2020; Saman, 2020). Compensation is also closely related to broader organizational outcomes because it influences how employees evaluate the fairness of their employment relationship and their willingness to contribute beyond minimum expectations (Lomyati & Tridayanti, 2023; Sitorus & Hidayat, 2023). In the competitive retail landscape of Bali, this finding suggests that a transparent and well-structured compensation system remains an essential managerial instrument for directing employee behavior toward the achievement of sales targets and overall organizational performance.

CONCLUSION

This study concludes that self-efficacy, job satisfaction, and compensation are three indispensable pillars that significantly drive employee performance at PT Harmattan Indonesia. The empirical evidence confirms that when employees possess high self-belief, work in a gratifying environment, and receive equitable rewards, their collective productivity increases, directly addressing the previous challenges in meeting organizational sales targets. Grounded in Goal Setting Theory and Social Exchange Theory, these findings underscore that the synergy between internal cognitive strength and external organizational support creates a robust framework for human resource excellence. By validating these relationships within the specific context of the garment and retail industry in Bali, this research provides a comprehensive understanding of how psychological empowerment and material well-being interact to optimize work outcomes.

The theoretical implications of this research lie in its integrative approach, demonstrating that performance is a multi-dimensional construct that requires a balance of cognitive, affective, and economic drivers. Practically, management at PT Harmattan Indonesia should prioritize regular professional development programs to bolster employee confidence, foster a collaborative culture to maintain high satisfaction levels, and refine incentive structures to ensure they remain competitive and transparent. Despite its insights, this study is limited by its single-organization scope and relatively small sample size, which may affect the generalizability of the results to larger industrial sectors. Future research directions should include expanding the geographical and sectoral scope, utilizing longitudinal designs to track performance shifts over time, and incorporating moderating variables such as leadership style or organizational culture. Ultimately, the primary takeaway is that sustainable organizational success in a dynamic market depends on a holistic management strategy that values the mental-cognitive readiness of employees as much as their physical and financial contributions.

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