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Penulis : Eddy Madiono Sutanto* dan Lady Valentine

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×



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Eddy Madiono Sutanto:

Meet

Thank you for submitting the manuscript, "Perception of salary, work motivation, and employee performance in the covid-19 pandemic" to Petra International Journal of Management Studies. With the online journal management system that we are using, you will be able to track its progress through the editorial process by logging in to the journal website.

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Dr. Ir. Hotlan Siagian, M.Sc.

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Reply

Forward

Perception of salary, work motivation, and employee performance in the covid-19 pandemic

Abstract

Indonesia is currently experiencing a Covid-19 pandemic. The Covid-19 pandemic has had a bad impact on the majority of Indonesians. Companies in Indonesia were severely affected. Many companies have experienced a decrease in turnover and sales. This has resulted in a reduction in employees to a cut in wages. Company policy is certainly not allowed to decrease employee performance, therefore. This study aimed to determine the effect of perceptions of salary on employee performance through work motivation. This research was conducted in the companies and various industrial sectors. This type of research was quantitative. The sampling technique was simple random sampling. The results showed that employees' perceptions of salary did not affect employee performance. Perceptions of salary only affected work motivation. Work motivation affected employee performance, but work motivation did not mediate the effect of perceptions of salary on employee performance.

Keywords: Perceptions of salary; work motivation; employee performance.

Introduction

Indonesia is currently experiencing a pandemic period due to the Covid-19 virus (Putri, Sari, Wahyuningsih, & Meikhati, 2020). The Covid-19 pandemic currently occurring in Indonesia has not only attacked certain cities or areas but almost all parts of Indonesia. This has resulted in all sectors in Indonesia experiencing deterioration due to Covid-19, starting from the health, education, social, and even economic sectors.

Putri *et al.* (2020) stated that the Covid-19 pandemic had a profound impact on the economic sector. Companies as economic support experienced a decline in turnover and sales. This resulted in many companies going out of business. Putri *et al.* (2020) also added that many companies that were still running had also taken employee efficiency policies by laying off (termination of employment) to maintain the existence of the company. Reported to the website, namely www.kumparan.com, some examples of large companies that have terminated their employment with employees such as PT. Fast Food Indonesia Tbk. which holds the license for KFC outlets and one of the application companies providing hotel and flight ticket reservation services, namely Traveloka.

As well as layoffs, many companies have implemented a work-from-home and office-work system on a rotating basis. Some companies limit the number of employees who enter the office. Some companies limit a maximum to 75 percent, some are a maximum of 50 percent, and some even have a maximum of only 25 percent. Restrictions on employees who enter the office have an impact on reducing the compensation or salaries of their employees. This is done so that the sustainability of the company can be maintained to avoid bankruptcy. Launched by the website www.cekaja.com, some examples of large companies implementing employee salary reduction policies such as Garuda Indonesia airline and one of the largest department stores in Indonesia, namely Matahari Department Store. The employee's salary monitoring is not always positively responded to by employees. Some employees respond negatively to the salary cut,

such as a decrease in work motivation and job performance or employee performance. The decline in motivation and employee performance certainly has a negative impact on the continuity of the company.

Nizamuddin (2020) said that the salary was in return for services to employees who were paid periodically for the employee's contribution to achieving company goals. The reduction in salary that occurs in a company is a reduction in the company's incentives for the company's employees. This certainly has an impact on employee motivation and performance. Employees who originally received full salaries for the efforts given to the company are now receiving a reduction in salary due to the Covid-19 pandemic. This reduction in salary can certainly reduce work motivation which will later have an impact on employee performance. Employees who initially perceived that the salary they earned was commensurate with their contribution to the company, now can turn out to be unequal due to a reduction in employee salaries in the company.

Moreover, a reduction in employee salaries has an impact on employee motivation. Previous research from Febriana and Sutanto (2015) showed that there was a positive and significant relationship between the perception of salary received by employees and work motivation of employees of PT. Indonusa Algaemas Prima Bali. This positive relationship shows that if the employee perceives the salary as the employee's expectations, then the employee's work motivation will increase. On the contrary, if the salary received is perceived under the employee's expectations, the employee's work motivation will decrease. During the Covid-19 pandemic, companies compete for efficiency by lowering the salaries of their employees, so that there is a potential decrease in employee motivation which results in a decrease in employee performance.

Moreover, the reduction in employee salaries has an impact on employee performance. The previous research from Sutanto and Patty (2014) showed that there was a positive relationship

between employee salaries and employee performance. This positive relationship indicates that if the employee has a salary as desired, then the employee's performance will be good. On the contrary, if the salary is perceived to be below expectation, then the employee's performance will decrease. During the Covid-19 pandemic, many employees are affected by salary cuts. This has the potential to reduce employee performance which has an impact on company performance.

On the other hand, employee motivation has an impact on the performance of the employees themselves. Research from Sutanto and Patty (2014) provided information that employee motivation had a positive impact on employee performance. This result indicates that if the employee's work motivation is high, the employee's performance will increase. However, if the employees' motivation is low, their performance will also decrease. The decrease in salary makes employees perceive the salary they received is below expectations, thus potentially reducing employee motivation. This decrease in work motivation has an impact on the employee's performance decline.

The explanation above shows that the company's policy of cutting employee salaries can actually have an impact on decreasing work motivation followed by a decrease in employee performance. A decrease in employee performance can also have an impact on the decline in company performance. As a good company, the company must assess how much the value of the reduction in wages is applied which as much as possible has a minimal impact on the decline in the company's employee performance. Therefore, this research will be useful to obtain answers regarding the impact of perceptions of employee salaries on employee performance through work motivation as a mediating variable.

This research is conducted in companies and various industrial sectors. For example, Wedding Story EO (Event Organizer), Chronicle EO, and Project Art Plus are companies engaged in the service sector where this research was conducted. The service industry is affected

because, during the pandemic, many people are at home and do not need service assistance. Tax Consultant is a company engaged in taxation and finance whose name wants to be changed. The Mercure hotel is one of the service industries that have also been affected by the pandemic because during the pandemic, the community reduces traveling. This phenomenon causes companies to make salary cuts, including basic salaries, allowances, wages due to reducing working hours, and so on. This study is also motivated by a research gap. Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. In contrast, Prabowo's research (in Nofinawati, 2018) suggested that the perception of salary had no significant effect on employee performance.

Theory and Hypotheses

Perception of Salary

Nizamuddin (2020) said that salary was a reward for services in the form of money that was paid periodically to employees for the employee's contribution to achieving company goals. Tulus (in Subianto, 2016) said that salary was the money received by managerial and administrative staff for their services, by receiving the same amount of money based on the monthly wage rate. According to Hasibuan (in Jermias, 2016), the salary was a reward for services paid within a certain time to permanent employees and has a definite guarantee. Darendeh (2016) stated that salary was a component of income that was closely related to the position or direct compensation which to determine the severity of the task of a position within the company scope requires an in-depth study through job appraisal activities. Suwardjono (in Jermias, 2016) added that salary was the number of service payments paid every month. Mathis and Jackson (in Sutanto & Patty, 2014) said that salary was a form of compensation that was directly given to employees based on an employment contract between the employee and the company where the employee worked. Mondy and Noe (in Sutanto & Patty, 2014) said that the salary given by the company to employees will have an impact on feelings and perceptions

which was commonly referred to as equity theory. Equity theory explains that employees' satisfaction with the salary they receive is always related to a sense of fairness in the salary paid as to result of a long process of comparing themselves with others. Pranata, Putra, and Sulistyowati (2018) stated that the perception of salary was an employee's response to the salary policy given to the employee in the employee's place of work. The indicators of the perception of salary are internal, external, and employee justice (Sutanto & Patty, 2014).

Work Motivation

Mohtar (2019) said that work motivation can be said to be a way and a tool to foster interest and desire to help and do something that can provide benefits for oneself and others. Koontz (in Mohtar, 2019) suggested that motivation was a person's desire or urge to work towards a certain goal which usually arises as a result of an impulse. George and Jones (in Sutanto and Patty, 2014) said that work motivation was a person's psychological drive that determined the direction of the person's behavior, level of effort, and level of persistence in completing a job or problem. Sitorus (2020) argued that work motivation was a factor from within or outside a person that created enthusiasm for work. Susanty and Baskoro (2012) said that work motivation was important because work motivation can be a channel, supporter, or cause for someone to want to work hard and be enthusiastic to achieve optimal results. The indicators of work motivation are behavior direction, effort level, and persistence level (Sutanto & Patty, 2014).

Employee Performance

Sedarmayanti (in Subianto, 2016) suggested that the performance of employees was the output of an ongoing process. Dessler (in Darendehe, 2016) said that employee performance was a comparison of the expected achievement results with the actual achievement results, while the expected achievement was usually compiled with the standard achievements of the employees and then added with expectations that were higher than the standard achievements. Hariandja (in Sutanto & Patty, 2014) suggested that performance was the result of everything

that employees do following their role in an organization or company. Mangkunegara (in Karlina, 2014) said that performance was the quality of work achieved by an employee in carrying out his duties following the responsibilities given to him. Sulistyani (in Karlina, 2014) added that performance was a combination of abilities, efforts, and opportunities that can be assessed from the results produced. The indicators of employee performance are attendance, conservation, and punctuality (Sutanto & Patty, 2014).

Relationship between Perception of Salary and Work Motivation

The research of Sabila, Mariatin, and Budiman (2019) showed that there was a significant effect between perceptions of salary and employee motivation. Purwani and Nurhayati (2013) also added that there was a significant relationship between salary perceptions and employee motivation. Karlina (2014) stated that the perception of the salary received by employees had a positive impact on employee work motivation. Nasution in Purwani and Nurhayati (2013) added that factors that increase work motivation were the provision of appropriate rewards and incentives. Based on this explanation, it can be built the initial hypothesis

H₁: Perception of salary has a positive influence on work motivation.

Relationship between Perception of Salary and Employee Performance

Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. This is in contrast to Prabowo's research (in Nofinawati, 2018) which said that the perception of salary had no significant effect on employee performance. This difference shows that there are companies whose employee performance is influenced by salary perception and there are companies whose employee performance is not influenced by salary perception. Based on this explanation, the initial hypothesis drawn is that the perception of salary has a positive influence on employee performance.

H₂: Perception of salary has a positive influence on employee performance.

Relationship between Perception of Salary, Work Motivation, and Employee Performance

Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance. Sitorus (2020) also said that work motivation was an encouragement to work morale so that the strength and weakness of a person's work motivation will determine the size of his or her achievements. Putri *et al.* (2020) said that an employee's work motivation will go up or down which can have an impact on the performance of the organization where the employee works. Susanty and Baskoro's research (2012) found that work motivation had a positive influence on employee performance. Siagian (in Purwani & Nurhayati, 2013) added that with increased employee motivation, work will be completed faster and employee productivity can increase. Based on this explanation, it can be concluded that work motivation has a positive relationship with employee performance.

H₃: Work motivation has a positive influence on employee performance.

Relationship between Perception of Salary and Employee Performance through Work Motivation

Research from Sabila *et al.* (2019) showed that there was a significant influence between perceptions of salary and employee motivation. Employee work motivation also has a positive influence on employee performance. Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance. Based on these facts, a hypothesis can be drawn that work motivation is a variable that can mediate the perception of salary with employee performance.

H₄: Work motivation can mediate the influence between perceptions of salary and employee performance.

All hypotheses are developed based on the previous studies as shown in Figure1.

"Insert Figure 1 about here"

Methods

This study will examine the effect of perceptions of salary on employee performance through work motivation as a mediating variable. This research is quantitative, therefore the data that is needed is the answers from the respondents contained in the questionnaire. The distribution of this questionnaire will be carried out by distributing Google Forms or printed questionnaires, depending on the wishes of employees who are willing to become respondents.

In this study, the population used was all employees in Surabaya, which experienced a cut in wages due to the Covid-19 pandemic. Amount The number of employees in Surabaya who experienced a cut in salary is not known of course, so it can be said that the type of population in this study is population unknown. In this study, the sample used was part of the population. The sampling technique used was probability sampling, especially simple random sampling. This technique is used because this research only examines the employees in one area company regardless of the position held by the employee, so this research is suitable for using simple random sampling. This study uses the formula issued by Sekaran and Bougie (2016) which states that the number of samples for research with the population unknown is ten times the number of variables. The number of variables looking in this research is three variables; therefore, the minimum sample used in this study was 30 samples. Witjaksono (2020, p.107) strengthens this sample size by saying the number of samples needed for PLS is 30 to 100 samples, so this research can use a minimum of 30 samples in its research. The total number of respondents is 88.

The data analysis technique used in this study was Partial Least Square (PLS). This research will use SmartPLS software to help process data into data that can be presented. Data processing using SmartPLS is divided into two stages, namely evaluation of the outer

model to test the validity and reliability and evaluation of the inner model to test the influence between variables.

Results

Respondent Profile

There are 17 male respondents and 71 female respondents. This indicates that the composition of male respondents is 19 percent, while female respondents are 81 percent. There are five respondents aged 20 years or less, 80 respondents aged between 21 and 30 years, zero respondents aged between 31 and 40 years, two respondents aged between 41 and 50 years, and one respondent aged 50 years or more. This shows that the composition of respondents aged 20 years or less is six percent, ages 21 years to 30 years is 91 percent, ages 31 years to 40 years is zero percent, ages 41 years to 50 years is two percent, and ages 50 years or more is one percent.

Regarding the respondents' tenure, out of 88 respondents, 38 respondents had a working period of less than one year at the respondent's current workplace. 38 respondents said that the respondent had worked for one to three years at the respondent's current workplace. A total of eight respondents have worked between three and five years at the respondent's current workplace and only four respondents have worked more than five years at the respondent's current workplace. This makes the composition of respondents who work under one year is 43 percent, between one and three years is 43 percent, between three and five years is nine percent, and over five years is five percent. Regarding the respondents' work locations, of the 88 respondents, 67 respondents work in Surabaya, and 21 respondents work outside Surabaya.

There are five industrial sector classifications used in this study. This classification is made to facilitate the division of the industrial sector in which the respondent works. Of the

88 respondents, 21 respondents work in the food and beverage industry, 26 respondents work in the service industry, 17 respondents work in the retail industry, 11 respondents work in the finance and tax sector, and there were 13 respondents work in other sectors. other. This makes the food and beverage sector has 24 percent of respondents, services have 30 percent of respondents, retail has 19 percent of respondents, tax and finance has 12 percent of respondents, and other sectors 15 percent of respondents. Regarding the policy of the company where the respondents work, 11 respondents work from home in total, 45 respondents work from home alternately (in part), and 32 respondents continue to work in the office. This shows that 13 percent of respondents work from home in total, 51 percent of respondents work from home alternately or partially, and 36 percent of respondents continue to work from the office.

Outer Model (Validity and Reliability Test)

A study needs to ensure that all instruments are valid. Invalid statement instruments can interfere with the course of a study because it has the potential to make the analysis results incorrect. As a result, after running three stages of the validity test, Table 1 shows that the variable Perception of Salary has an AVE value of 0.755, the Work Motivation variable has an AVE value of 0.636, and the Employee Performance variable has an AVE value of 0.660. This shows that all variables in this study are valid because greater than 0.5 (Juliandi, Irfan, dan Manurung, 2014).

"Insert Table 1 about here"

A reliability test is used to measure the consistency of the instrument used for this research. Table 2 shows Cronbach's Alpha and Composite Reliability values above 0.7 so that all statement instruments used in this research can be said to be reliable.

"Insert Table 2 about here"

Inner Model

Furthermore, Table 3 shows the R-square value for each dependent variable. The R-square value between the variable perception of salary and work motivation is 0.076. It indicates that the variable that affects work motivation in this study only contributes 7.6 percent. It means other variables affect work motivation. by 93.4 percent. The R-square value between the variable perception of salary on employee performance is 0.674. It indicates that the variables that affect employee performance in this study contributed 67.4 percent. It means that there is 32.6 percent of other variables outside of this study that affects employee performance.

"Insert Table 3 about here"

Table 4 shows that the t-statistics value of the perception of wages on employees' work is 1.36 and the p-value is 0.17. This shows that there is no positive relationship between perceptions of salary and employee performance. The t-statistics value for the perception of salary on work motivation is 3.26 with a p-value of 0.00. This shows that the perception of salary has a positive relationship with work motivation. Finally, the t-statistical value of work motivation on employee performance is 10.24 with a p-value of 0.00, which indicates that work motivation has a positive relationship with employee performance.

"Insert Table 4 about here"

Discussion

Hypotheses one to three have been answered in Table 4. Hypothesis four, namely the hypothesis related to the ability of work motivation variable to mediate perception of salary on employee performance can be done using the Sobel test. The Sobel test itself has conditions, namely that the independent variable must influence the dependent variable, the independent variable must affect the mediating variable, and the mediating variable must affect the dependent variable. In this study, it turns out that the independent variable, namely the perception of salary, has no influence on employee performance, so the Sobel test cannot

be carried out and it is concluded that the mediating variable, namely work motivation, has failed to mediate perceptions of salary on employee performance.

Hypothesis four, namely the hypothesis related to the ability of the work motivation variable to mediate the perception of salary on employee performance, can be done using a Sobel test. The Sobel test itself has a requirement that the independent variable must affect the dependent variable, the independent variable must affect the mediating variable, and the mediating variable must affect the dependent variable. In this study, it turns out that the independent variable, namely the perception of salary, doesn't affect employee performance so the Sobel test cannot be carried out and it is concluded that the mediating variable, namely work motivation, has failed to mediate the perception of salary on employee performance.

The results showed that there was no significant influence between perceptions of salary on employee performance. The results of this study are in line with the research of Katidjan, Pawirosumarto, and Isnaryadi (2017) which states that the perception of salary does not have a significant effect on employee performance. Irawati's research (2018) adds that perceptions of the salary received by employees do not affect employee performance.

Based on the results of the research conducted and the two previous studies, it can be concluded that the perception of salary does not affect employee performance. The greater the salary received by the employee does not contribute to the increase in employee performance. This can be a matter of consideration for the company when it wants to make company policies, especially regarding the increase in employee performance.

The results showed that the perception of salary has a positive relationship with work motivation. The results of this study are in line with research by Karlina (2014) which states that perceptions of salary have a positive impact on employee motivation. Research by Sabila *et al.* (2019) also stated that perceptions of salary had a significant effect on employee motivation.

Based on these results, it can be concluded that the perception of salary has a significant influence on employee motivation. The higher the salary, the more motivated the employee will be to work for the company. Employee morale will arise when employees feel that the salary is like their expectations. This spirit will motivate employees to work more for the company.

The results showed that work motivation has a positive relationship with employee performance. Karlina's research (2014) also produced similar results, namely that work motivation had a positive impact on employee performance. The second study that supports the results of this study is the research of Sutanto and Patty (2014) that stated work motivation had a positive effect on employee performance. Hidayat and Ferdiansyah (2011) also added that work motivation had a significant effect on employee performance.

Based on these results, it can be concluded that work motivation influences employee performance. Employees who have high work motivation will also provide good performance results for the company. This is certainly beneficial for the company so that when the company wants to take steps or company policies related to human resources, the company can select employees with high work motivation to produce a high performance as well.

Based on the discussion in the previous sub-chapter, the perception of salary does not have a significant effect on employee performance. One of the conditions for a mediation relationship is that all variables must influence each other. The independent variable affects the mediating variable, the independent variable influences the dependent variable, and the mediating variable affects the dependent variable. In this study, the perception of salary as the independent variable does not affect employee performance as the most significant variable. This makes work motivation unable to act as a mediating variable that links perceptions of salary to employee performance.

Conclusions

Perception of salary does not have a positive effect on employee performance. This is because several companies calculate performance based on working hours. For example, EO service companies are Project Art Plus, Chronicle EO, and others. Such companies pay wages to their employees based on the amount of work assigned to them. Even though in one month the salary received by employees is reduced due to the reduction in EO jobs, the work that is assigned to employees is also reduced. This causes employees to feel fair and it does not affect employee performance.

Perception of salary has a positive influence on employee motivation. Employees who have experienced salary reductions have experienced a decrease in work motivation. This is due to the feeling of being disproportionate between the efforts incurred and the wages they earn. In the Tax Consultant company, the workload given to employees is the same, but the salary reduction occurs due to a decrease in the company's cash flow. As a result, employees only carry out their duties, but there is no strong motivation to do their jobs.

Work motivation has a positive influence on employee performance. High work motivation will result in the desire to improve one's performance. If employees have high motivation, then employee performance will also increase. Work motivation is not able to mediate the influence between perceptions of salary and employee performance. Perceptions of salary do not affect employee performance so work motivation cannot mediate the influence between perceptions of salary on employee performance.

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Table 1 AVE

| Variables | AVE |
|----------------------|-------|
| Employee Performance | 0.660 |
| Work Motivation | 0.636 |
| Perception of Salary | 0.755 |

Table 2 Reliability Test

| Variables | <i>Cronbach's Alpha</i> | <i>Composite Reliability</i> |
|----------------------|-------------------------|------------------------------|
| Employee Performance | 0.948 | 0.955 |
| Work Motivation | 0.928 | 0.940 |
| Perception of Salary | 0.935 | 0.949 |

Table 3 R-square Test

| Variables | <i>R-square</i> |
|----------------------|-----------------|
| Work Motivation | 0.076 |
| Employee Performance | 0.674 |

Table 4 t-test

| Relationship among Variables | t-statistics | p-values |
|---|--------------|----------|
| Perception of Salary → Work Motivation | 10.24 | 0.00 |
| Perception of Salary → Employee Performance | 1.36 | 0.17 |
| Work Motivation → Employee Performance | 3.26 | 0.00 |

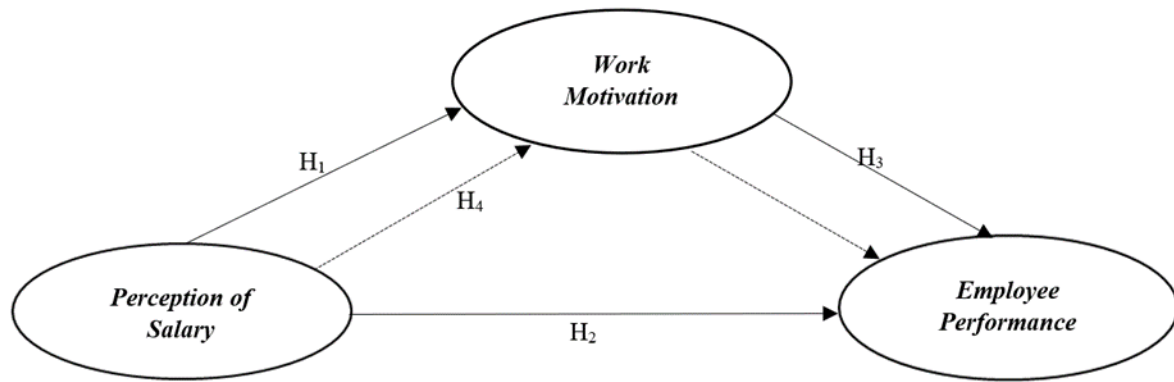


Figure 1. Research framework

2. Bukti Konfirmasi Hasil Telaah dan Hasil Telaah (23/05/2020)

[ijbs] Editor Decision

Inbox



IJBS Editor-in-Chief <ijbs@petra.ac.id>

May 23, 2022,
7:50 AM

to me

Eddy Madiono Sutanto, Lady Valentine:

We have reached a decision regarding your submission to Petra International Journal of Business Studies, "Perception of salary, work motivation, and employee performance in the covid-19 pandemic".

Our decision is: Revisions Required

Reviewer A:

Recommendation: Revisions Required

Is the topic appropriate for publication in this journal?

Yes

Is the coverage of the topic sufficiently comprehensive and balanced?

Yes

General Feedback and Comments (for Author):

1. This paper address the "Perception of salary, work motivation, and employee performance in the covid-19 pandemic". This title did not express an attractive title. I suggest the author re-edit the title for being more meaningful.
2. The method is not clear how the author analyzes the data. What technique and software were used to analyze the collected data. It seems to me the authors used the

PLS technique, if this is the case, the authors need to specify.

3. The authors need to follow the template of the IJBS journal which can be downloaded from the website of IJBS.

4. I am curious about the analysis result which states that Hypothesis H4 is not supported when using the Sobel formula condition. The authors said that since the direct effect of perception of salary on employee performance was not significant, hence the mediating effect of the work motivation does not exist. In my opinion, this result indicated that the perception of the salary indirectly affects the employee's performance through the mediation of work motivation. This means there is a pure mediation relationship between the perception of salary on employee performance. For this argument, I request the author to clarify.

4. The authors need to present the managerial implication and the theoretical contribution from the study result.

5. The authors need to make sure there is no wording repetition such as on page 12, the first paragraph and second paragraph have the same wording: "Hypothesis four, namely the

6. Please improve the language grammar..

Best Luck

Comments and recommendation **(Only for the Editor - hidden to the Author):**

Recommendation:

published with revisions

Reviewer B:

Recommendation: Revisions Required

Is the topic appropriate for publication in this journal?

Yes

Is the coverage of the topic sufficiently comprehensive and balanced?

Yes

General Feedback and Comments (for Author):

1. Abstract : Add total sample, object of research and analysis method
2. Introduction: Add the structure of research
3. Literature Review: Add the grand theory likely: human resources, supply chain, marketing strategy etc.
4. For hypothesis four: please add Table 5 results which show an indirect effect from PLS output to show the role of work motivation as mediation.
5. Conclusions: add theoretical and practical contributions at the end of the conclusion, if there is no particular section that discusses it

Comments and recommendation **(Only for the Editor - hidden to the Author):**

-

Recommendation:

published with revisions

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Perception of salary, work motivation, and employee performance in the covid-19 pandemic

Abstract

Indonesia is currently experiencing a Covid-19 pandemic. The Covid-19 pandemic has had a bad impact on the majority of Indonesians. Companies in Indonesia were severely affected. Many companies have experienced a decrease in turnover and sales. This has resulted in a reduction in employees to a cut in wages. Company policy is certainly not allowed to decrease employee performance, therefore. This study aimed to determine the effect of perceptions of salary on employee performance through work motivation. This research was conducted in the companies and various industrial sectors. This type of research was quantitative. The sampling technique was simple random sampling. The results showed that employees' perceptions of salary did not affect employee performance. Perceptions of salary only affected work motivation. Work motivation affected employee performance, but work motivation did not mediate the effect of perceptions of salary on employee performance.

Keywords: Perceptions of salary; work motivation; employee performance.

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Introduction

Indonesia is currently experiencing a pandemic period due to the Covid-19 virus (Putri, Sari, Wahyuningsih, & Meikhati, 2020). The Covid-19 pandemic currently occurring in Indonesia has not only attacked certain cities or areas but almost all parts of Indonesia. This has resulted in all sectors in Indonesia experiencing deterioration due to Covid-19, starting from the health, education, social, and even economic sectors.

Putri *et al.* (2020) stated that the Covid-19 pandemic had a profound impact on the economic sector. Companies as economic support experienced a decline in turnover and sales. This resulted in many companies going out of business. Putri *et al.* (2020) also added that many companies that were still running had also taken employee efficiency policies by laying off (termination of employment) to maintain the existence of the company. Reported to the website, namely www.kumparan.com, some examples of large companies that have terminated their employment with employees such as PT. Fast Food Indonesia Tbk. which holds the license for KFC outlets and one of the application companies providing hotel and flight ticket reservation services, namely Traveloka.

As well as layoffs, many companies have implemented a work-from-home and office-work system on a rotating basis. Some companies limit the number of employees who enter the office. Some companies limit a maximum to 75 percent, some are a maximum of 50 percent, and some even have a maximum of only 25 percent. Restrictions on employees who enter the office have an impact on reducing the compensation or salaries of their employees. This is done so that the sustainability of the company can be maintained to avoid bankruptcy. Launched by the website www.cekaja.com, some examples of large companies implementing employee salary reduction policies such as Garuda Indonesia airline and one of the largest department stores in Indonesia, namely Matahari Department Store. The employee's salary monitoring is not always positively responded to by employees. Some employees respond negatively to the salary cut,

such as a decrease in work motivation and job performance or employee performance. The decline in motivation and employee performance certainly has a negative impact on the continuity of the company.

Nizamuddin (2020) said that the salary was in return for services to employees who were paid periodically for the employee's contribution to achieving company goals. The reduction in salary that occurs in a company is a reduction in the company's incentives for the company's employees. This certainly has an impact on employee motivation and performance. Employees who originally received full salaries for the efforts given to the company are now receiving a reduction in salary due to the Covid-19 pandemic. This reduction in salary can certainly reduce work motivation which will later have an impact on employee performance. Employees who initially perceived that the salary they earned was commensurate with their contribution to the company, now can turn out to be unequal due to a reduction in employee salaries in the company.

Moreover, a reduction in employee salaries has an impact on employee motivation. Previous research from Febriana and Sutanto (2015) showed that there was a positive and significant relationship between the perception of salary received by employees and work motivation of employees of PT. Indonusa Algaemas Prima Bali. This positive relationship shows that if the employee perceives the salary as the employee's expectations, then the employee's work motivation will increase. On the contrary, if the salary received is perceived under the employee's expectations, the employee's work motivation will decrease. During the Covid-19 pandemic, companies compete for efficiency by lowering the salaries of their employees, so that there is a potential decrease in employee motivation which results in a decrease in employee performance.

Moreover, the reduction in employee salaries has an impact on employee performance. The previous research from Sutanto and Patty (2014) showed that there was a positive relationship

between employee salaries and employee performance. This positive relationship indicates that if the employee has a salary as desired, then the employee's performance will be good. On the contrary, if the salary is perceived to be below expectation, then the employee's performance will decrease. During the Covid-19 pandemic, many employees are affected by salary cuts. This has the potential to reduce employee performance which has an impact on company performance.

On the other hand, employee motivation has an impact on the performance of the employees themselves. Research from Sutanto and Patty (2014) provided information that employee motivation had a positive impact on employee performance. This result indicates that if the employee's work motivation is high, the employee's performance will increase. However, if the employees' motivation is low, their performance will also decrease. The decrease in salary makes employees perceive the salary they received is below expectations, thus potentially reducing employee motivation. This decrease in work motivation has an impact on the employee's performance decline.

The explanation above shows that the company's policy of cutting employee salaries can actually have an impact on decreasing work motivation followed by a decrease in employee performance. A decrease in employee performance can also have an impact on the decline in company performance. As a good company, the company must assess how much the value of the reduction in wages is applied which as much as possible has a minimal impact on the decline in the company's employee performance. Therefore, this research will be useful to obtain answers regarding the impact of perceptions of employee salaries on employee performance through work motivation as a mediating variable.

This research is conducted in companies and various industrial sectors. For example, Wedding Story EO (Event Organizer), Chronicle EO, and Project Art Plus are companies engaged in the service sector where this research was conducted. The service industry is affected

because, during the pandemic, many people are at home and do not need service assistance. Tax Consultant is a company engaged in taxation and finance whose name wants to be changed. The Mercure hotel is one of the service industries that have also been affected by the pandemic because during the pandemic, the community reduces traveling. This phenomenon causes companies to make salary cuts, including basic salaries, allowances, wages due to reducing working hours, and so on. This study is also motivated by a research gap. Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. In contrast, Prabowo's research (in Nofinawati, 2018) suggested that the perception of salary had no significant effect on employee performance.

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Theory and Hypotheses

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Perception of Salary

Nizamuddin (2020) said that salary was a reward for services in the form of money that was paid periodically to employees for the employee's contribution to achieving company goals. Tulus (in Subianto, 2016) said that salary was the money received by managerial and administrative staff for their services, by receiving the same amount of money based on the monthly wage rate. According to Hasibuan (in Jermias, 2016), the salary was a reward for services paid within a certain time to permanent employees and has a definite guarantee. Darendehe (2016) stated that salary was a component of income that was closely related to the position or direct compensation which to determine the severity of the task of a position within the company scope requires an in-depth study through job appraisal activities. Suwardjono (in Jermias, 2016) added that salary was the number of service payments paid every month. Mathis and Jackson (in Sutanto & Patty, 2014) said that salary was a form of compensation that was directly given to employees based on an employment contract between the employee and the company where the employee worked. Mondy and Noe (in Sutanto & Patty, 2014) said that the salary given by the company to employees will have an impact on feelings and perceptions

which was commonly referred to as equity theory. Equity theory explains that employees' satisfaction with the salary they receive is always related to a sense of fairness in the salary paid as to result of a long process of comparing themselves with others. Pranata, Putra, and Sulistyowati (2018) stated that the perception of salary was an employee's response to the salary policy given to the employee in the employee's place of work. The indicators of the perception of salary are internal, external, and employee justice (Sutanto & Patty, 2014).

Work Motivation

Mohtar (2019) said that work motivation can be said to be a way and a tool to foster interest and desire to help and do something that can provide benefits for oneself and others. Koontz (in Mohtar, 2019) suggested that motivation was a person's desire or urge to work towards a certain goal which usually arises as a result of an impulse. George and Jones (in Sutanto and Patty, 2014) said that work motivation was a person's psychological drive that determined the direction of the person's behavior, level of effort, and level of persistence in completing a job or problem. Sitorus (2020) argued that work motivation was a factor from within or outside a person that created enthusiasm for work. Susanty and Baskoro (2012) said that work motivation was important because work motivation can be a channel, supporter, or cause for someone to want to work hard and be enthusiastic to achieve optimal results. The indicators of work motivation are behavior direction, effort level, and persistence level (Sutanto & Patty, 2014).

Employee Performance

Sedarmayanti (in Subianto, 2016) suggested that the performance of employees was the output of an ongoing process. Dessler (in Darendehe, 2016) said that employee performance was a comparison of the expected achievement results with the actual achievement results, while the expected achievement was usually compiled with the standard achievements of the employees and then added with expectations that were higher than the standard achievements. Hariandja (in Sutanto & Patty, 2014) suggested that performance was the result of everything

that employees do following their role in an organization or company. Mangkunegara (in Karlina, 2014) said that performance was the quality of work achieved by an employee in carrying out his duties following the responsibilities given to him. Sulistyani (in Karlina, 2014) added that performance was a combination of abilities, efforts, and opportunities that can be assessed from the results produced. The indicators of employee performance are attendance, conservation, and punctuality (Sutanto & Patty, 2014).

Relationship between Perception of Salary and Work Motivation

The research of Sabila, Mariatin, and Budiman (2019) showed that there was a significant effect between perceptions of salary and employee motivation. Purwani and Nurhayati (2013) also added that there was a significant relationship between salary perceptions and employee motivation. Karlina (2014) stated that the perception of the salary received by employees had a positive impact on employee work motivation. Nasution in Purwani and Nurhayati (2013) added that factors that increase work motivation were the provision of appropriate rewards and incentives. Based on this explanation, it can be built the initial hypothesis

H₁: Perception of salary has a positive influence on work motivation.

Relationship between Perception of Salary and Employee Performance

Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. This is in contrast to Prabowo's research (in Nofinawati, 2018) which said that the perception of salary had no significant effect on employee performance. This difference shows that there are companies whose employee performance is influenced by salary perception and there are companies whose employee performance is not influenced by salary perception. Based on this explanation, the initial hypothesis drawn is that the perception of salary has a positive influence on employee performance.

H₂: Perception of salary has a positive influence on employee performance.

Relationship between Perception of Salary, Work Motivation, and Employee Performance

Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance. Sitorus (2020) also said that work motivation was an encouragement to work morale so that the strength and weakness of a person's work motivation will determine the size of his or her achievements. Putri *et al.* (2020) said that an employee's work motivation will go up or down which can have an impact on the performance of the organization where the employee works. Susanty and Baskoro's research (2012) found that work motivation had a positive influence on employee performance. Siagian (in Purwani & Nurhayati, 2013) added that with increased employee motivation, work will be completed faster and employee productivity can increase. Based on this explanation, it can be concluded that work motivation has a positive relationship with employee performance.

H₃: Work motivation has a positive influence on employee performance.

Relationship between Perception of Salary and Employee Performance through Work Motivation

Research from Sabila *et al.* (2019) showed that there was a significant influence between perceptions of salary and employee motivation. Employee work motivation also has a positive influence on employee performance. Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance. Based on these facts, a hypothesis can be drawn that work motivation is a variable that can mediate the perception of salary with employee performance.

H₄: Work motivation can mediate the influence between perceptions of salary and employee performance.

All hypotheses are developed based on the previous studies as shown in Figure1.

"Insert Figure 1 about here"

Methods

This study will examine the effect of perceptions of salary on employee performance through work motivation as a mediating variable. This research is quantitative, therefore the data that is needed is the answers from the respondents contained in the questionnaire. The distribution of this questionnaire will be carried out by distributing Google Forms or printed questionnaires, depending on the wishes of employees who are willing to become respondents.

In this study, the population used was all employees in Surabaya, which experienced a cut in wages due to the Covid-19 pandemic. Amount The number of employees in Surabaya who experienced a cut in salary is not known of course, so it can be said that the type of population in this study is population unknown. In this study, the sample used was part of the population. The sampling technique used was probability sampling, especially simple random sampling. This technique is used because this research only examines the employees in one area company regardless of the position held by the employee, so this research is suitable for using simple random sampling. This study uses the formula issued by Sekaran and Bougie (2016) which states that the number of samples for research with the population unknown is ten times the number of variables. The number of variables looking in this research is three variables; therefore, the minimum sample used in this study was 30 samples. Witjaksono (2020, p.107) strengthens this sample size by saying the number of samples needed for PLS is 30 to 100 samples, so this research can use a minimum of 30 samples in its research. The total number of respondents is 88.

The data analysis technique used in this study was Partial Least Square (PLS). This research will use SmartPLS software to help process data into data that can be presented. Data processing using SmartPLS is divided into two stages, namely evaluation of the outer

model to test the validity and reliability and evaluation of the inner model to test the influence between variables.

Results

Respondent Profile

There are 17 male respondents and 71 female respondents. This indicates that the composition of male respondents is 19 percent, while female respondents are 81 percent. There are five respondents aged 20 years or less, 80 respondents aged between 21 and 30 years, zero respondents aged between 31 and 40 years, two respondents aged between 41 and 50 years, and one respondent aged 50 years or more. This shows that the composition of respondents aged 20 years or less is six percent, ages 21 years to 0 years is 91 percent, ages 31 years to 40 years is zero percent, ages 41 years to 50 years is two percent, and ages 50 years or more is one percent.

Regarding the respondents' tenure, out of 88 respondents, 38 respondents had a working period of less than one year at the respondent's current workplace. 38 respondents said that the respondent had worked for one to three years at the respondent's current workplace. A total of eight respondents have worked between three and five years at the respondent's current workplace and only four respondents have worked more than five years at the respondent's current workplace. This makes the composition of respondents who work under one year is 43 percent, between one and three years is 43 percent, between three and five years is nine percent, and over five years is five percent. Regarding the respondents' work locations, of the 88 respondents, 67 respondents work in Surabaya, and 21 respondents work outside Surabaya.

There are five industrial sector classifications used in this study. This classification is made to facilitate the division of the industrial sector in which the respondent works. Of the

88 respondents, 21 respondents work in the food and beverage industry, 26 respondents work in the service industry, 17 respondents work in the retail industry, 11 respondents work in the finance and tax sector, and there were 13 respondents work in other sectors. other. This makes the food and beverage sector has 24 percent of respondents, services have 30 percent of respondents, retail has 19 percent of respondents, tax and finance has 12 percent of respondents, and other sectors 15 percent of respondents. Regarding the policy of the company where the respondents work, 11 respondents work from home in total, 45 respondents work from home alternately (in part), and 32 respondents continue to work in the office. This shows that 13 percent of respondents work from home in total, 51 percent of respondents work from home alternately or partially, and 36 percent of respondents continue to work from the office.

Outer Model (Validity and Reliability Test)

A study needs to ensure that all instruments are valid. Invalid statement instruments can interfere with the course of a study because it has the potential to make the analysis results incorrect. As a result, after running three stages of the validity test, Table 1 shows that the variable Perception of Salary has an AVE value of 0.755, the Work Motivation variable has an AVE value of 0.636, and the Employee Performance variable has an AVE value of 0.660. This shows that all variables in this study are valid because greater than 0.5 (Juliandi, Irfan, dan Manurung, 2014).

"Insert Table 1 about here"

A reliability test is used to measure the consistency of the instrument used for this research. Table 2 shows Cronbach's Alpha and Composite Reliability values above 0.7 so that all statement instruments used in this research can be said to be reliable.

"Insert Table 2 about here"

Inner Model

Furthermore, Table 3 shows the R-square value for each dependent variable. The R-square value between the variable perception of salary and work motivation is 0.076. It indicates that the variable that affects work motivation in this study only contributes 7.6 percent. It means other variables affect work motivation. by 93.4 percent. The R-square value between the variable perception of salary on employee performance is 0.674. It indicates that the variables that affect employee performance in this study contributed 67.4 percent. It means that there is 32.6 percent of other variables outside of this study that affects employee performance.

"Insert Table 3 about here"

Table 4 shows that the t-statistics value of the perception of wages on employees' work is 1.36 and the p-value is 0.17. This shows that there is no positive relationship between perceptions of salary and employee performance. The t-statistics value for the perception of salary on work motivation is 3.26 with a p-value of 0.00. This shows that the perception of salary has a positive relationship with work motivation. Finally, the t-statistical value of work motivation on employee performance is 10.24 with a p-value of 0.00, which indicates that work motivation has a positive relationship with employee performance.

"Insert Table 4 about here"

Discussion

Hypotheses one to three have been answered in Table 4. Hypothesis four, namely the hypothesis related to the ability of work motivation variable to mediate perception of salary on employee performance can be done using the Sobel test. The Sobel test itself has conditions, namely that the independent variable must influence the dependent variable, the independent variable must affect the mediating variable, and the mediating variable must affect the dependent variable. In this study, it turns out that the independent variable, namely the perception of salary, has no influence on employee performance, so the Sobel test cannot

Commented [DZJHTS4]: For hypothesis four add Table 5 results which show an indirect effect from PLS output to show the role of work motivation as mediation.

be carried out and it is concluded that the mediating variable, namely work motivation, has failed to mediate perceptions of salary on employee performance.

Hypothesis four, namely the hypothesis related to the ability of the work motivation variable to mediate the perception of salary on employee performance, can be done using a Sobel test. The Sobel test itself has a requirement that the independent variable must affect the dependent variable, the independent variable must affect the mediating variable, and the mediating variable must affect the dependent variable. In this study, it turns out that the independent variable, namely the perception of salary, doesn't affect employee performance so the Sobel test cannot be carried out and it is concluded that the mediating variable, namely work motivation, has failed to mediate the perception of salary on employee performance.

The results showed that there was no significant influence between perceptions of salary on employee performance. The results of this study are in line with the research of Katidjan, Pawirosumarto, and Isnaryadi (2017) which states that the perception of salary does not have a significant effect on employee performance. Irawati's research (2018) adds that perceptions of the salary received by employees do not affect employee performance.

Based on the results of the research conducted and the two previous studies, it can be concluded that the perception of salary does not affect employee performance. The greater the salary received by the employee does not contribute to the increase in employee performance. This can be a matter of consideration for the company when it wants to make company policies, especially regarding the increase in employee performance.

The results showed that the perception of salary has a positive relationship with work motivation. The results of this study are in line with research by Karlina (2014) which states that perceptions of salary have a positive impact on employee motivation. Research by Sabila *et al.* (2019) also stated that perceptions of salary had a significant effect on employee motivation.

Based on these results, it can be concluded that the perception of salary has a significant influence on employee motivation. The higher the salary, the more motivated the employee will be to work for the company. Employee morale will arise when employees feel that the salary is like their expectations. This spirit will motivate employees to work more for the company.

The results showed that work motivation has a positive relationship with employee performance. Karlina's research (2014) also produced similar results, namely that work motivation had a positive impact on employee performance. The second study that supports the results of this study is the research of Sutanto and Patty (2014) that stated work motivation had a positive effect on employee performance. Hidayat and Ferdiansyah (2011) also added that work motivation had a significant effect on employee performance.

Based on these results, it can be concluded that work motivation influences employee performance. Employees who have high work motivation will also provide good performance results for the company. This is certainly beneficial for the company so that when the company wants to take steps or company policies related to human resources, the company can select employees with high work motivation to produce a high performance as well.

Based on the discussion in the previous sub-chapter, the perception of salary does not have a significant effect on employee performance. One of the conditions for a mediation relationship is that all variables must influence each other. The independent variable affects the mediating variable, the independent variable influences the dependent variable, and the mediating variable affects the dependent variable. In this study, the perception of salary as the independent variable does not affect employee performance as the most significant variable. This makes work motivation unable to act as a mediating variable that links perceptions of salary to employee performance.

Conclusions

Perception of salary does not have a positive effect on employee performance. This is because several companies calculate performance based on working hours. For example, EO service companies are Project Art Plus, Chronicle EO, and others. Such companies pay wages to their employees based on the amount of work assigned to them. Even though in one month the salary received by employees is reduced due to the reduction in EO jobs, the work that is assigned to employees is also reduced. This causes employees to feel fair and it does not affect employee performance.

Perception of salary has a positive influence on employee motivation. Employees who have experienced salary reductions have experienced a decrease in work motivation. This is due to the feeling of being disproportionate between the efforts incurred and the wages they earn. In the Tax Consultant company, the workload given to employees is the same, but the salary reduction occurs due to a decrease in the company's cash flow. As a result, employees only carry out their duties, but there is no strong motivation to do their jobs.

Work motivation has a positive influence on employee performance. High work motivation will result in the desire to improve one's performance. If employees have high motivation, then employee performance will also increase. Work motivation is not able to mediate the influence between perceptions of salary and employee performance. Perceptions of salary do not affect employee performance so work motivation cannot mediate the influence between perceptions of salary on employee performance.

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Table 1 AVE

| Variables | AVE |
|----------------------|-------|
| Employee Performance | 0.660 |
| Work Motivation | 0.636 |
| Perception of Salary | 0.755 |

Table 2 Reliability Test

| Variables | <i>Cronbach's Alpha</i> | <i>Composite Reliability</i> |
|----------------------|-------------------------|------------------------------|
| Employee Performance | 0.948 | 0.955 |
| Work Motivation | 0.928 | 0.940 |
| Perception of Salary | 0.935 | 0.949 |

Table 3 R-square Test

| Variables | <i>R-square</i> |
|----------------------|-----------------|
| Work Motivation | 0.076 |
| Employee Performance | 0.674 |

Table 4 t-test

| Relationship among Variables | t-statistics | p-values |
|---|--------------|----------|
| Perception of Salary → Work Motivation | 10.24 | 0.00 |
| Perception of Salary → Employee Performance | 1.36 | 0.17 |
| Work Motivation → Employee Performance | 3.26 | 0.00 |

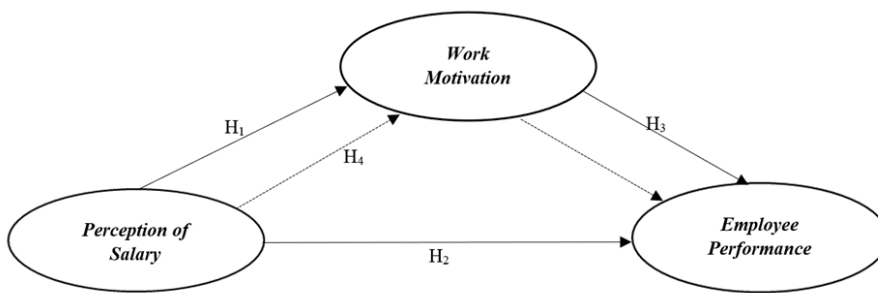


Figure 1. Research framework

**3. Bukti Kirim Revisi, Respon kepada Penelaah,
dan Artikel Revisi yang Dikirimkan
(30/05/2022)**

Eddy M. Sutanto <esutanto@petra.ac.id>

May 30, 2022,
8:46 PM

to IJBS

Dear Editor,

Thank you for providing me with the possibility to revise our manuscript. Herewith, I submit the revised manuscript and title page for your perusal. I hope it will fulfill your expectations. Kindly let me know if there are any others. Thanks.

Sincerely,

Dr. Eddy M. Sutanto, M.Sc.

Professor
Management Business Program
Petra Christian University
Surabaya - Indonesia

2 Attachments • Scanned by Gmail

TITLE PAGE

The employee performance in the covid-19 pandemic and its antecedents

Eddy Madiono Sutanto*

Dr.

Business Management Program, Petra Christian University

Siwalankerto 121–131, Surabaya 60236, Indonesia

0818391691¹

esutanto@petra.ac.id

Lady Valentine

S.M.

Business Management Program, Petra Christian University

Siwalankerto 121–131, Surabaya 60236, Indonesia

pauwpauw98@gmail.com

****corresponding author** (please select among the authors and identify the corresponding author using an asterisk superscript).*

The Employee Performance in the Covid-19 Pandemic and Its Antecedents

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Abstract

Indonesia is currently experiencing a Covid-19 pandemic. The Covid-19 pandemic has had a bad impact on the majority of Indonesians. Companies in Indonesia were severely affected. Many companies have experienced a decrease in turnover and sales. This has resulted in a reduction in employees to a cut in wages. Company policy is certainly not allowed to decrease employee performance, therefore. This study aimed to determine the effect of perceptions of salary on employee performance through work motivation. The research subject was the employees in Surabaya, who experienced salary cuts due to the Covid-19 effect. The sampling technique was purposive sampling. The total number of respondents was 88. The PLS results showed that employees' perceptions of salary did not affect employee performance. Perceptions of salary only affected work motivation. Work motivation affected employee performance, but work motivation did not mediate the effect of perceptions of salary on employee performance.

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Keywords: Perceptions of salary; work motivation; employee performance.

1. Introduction

Indonesia is currently experiencing a pandemic period due to the Covid-19 virus (Putri, Sari, Wahyuningsih, & Meikhati, 2020). The Covid-19 pandemic currently occurring in Indonesia has not only attacked certain cities or areas but almost all parts of Indonesia. This has resulted in all sectors in Indonesia experiencing deterioration due to Covid-19, starting from the health, education, social, and even economic sectors.

Putri *et al.* (2020) stated that the Covid-19 pandemic had a profound impact on the economic sector. Companies as economic support experienced a decline in turnover and sales. This resulted in many companies going out of business. Putri *et al.* (2020) also added that many companies that were still running had also taken employee efficiency policies by laying off (termination of employment) to maintain the existence of the company. Reported to the website, namely www.kumparan.com, some examples of large companies that have terminated their employment with employees such as PT. Fast Food Indonesia Tbk. which holds the license for KFC outlets and one of the application companies providing hotel and flight ticket reservation services, namely Traveloka.

As well as layoffs, many companies have implemented a work-from-home and office-work system on a rotating basis. Some companies limit the number of employees who enter the office. Some companies limit a maximum to 75 percent, some are a maximum of 50 percent, and some even have a maximum of only 25 percent. Restrictions on employees who enter the office have an impact on reducing the compensation or salaries of their employees. This is done so that the sustainability of the company can be maintained to avoid bankruptcy. Launched by the website www.cekaja.com, some examples of large companies implementing employee salary reduction policies such as Garuda Indonesia airline and one of the largest department stores in Indonesia, namely Matahari Department Store. The employee's salary monitoring is not always positively responded to by employees. Some employees respond negatively to the salary cut, such as a decrease in work motivation and job performance or employee performance. The decline in motivation and employee performance certainly has a negative impact on the continuity of the company.

Nizamuddin (2020) said that the salary was in return for services to employees who were paid periodically for the employee's contribution to achieving company goals. The reduction in salary that occurs in a company is a reduction in the company's incentives for the company's employees. This certainly has an impact on employee motivation and performance. Employees who originally received full salaries for the efforts given to the company are now receiving a reduction in salary due to the Covid-19 pandemic. This reduction in salary can certainly reduce work motivation which will later have an impact on employee performance. Employees who initially perceived that the salary they earned was commensurate with their contribution to the company, now can turn out to be unequal due to a reduction in employee salaries in the company.

Moreover, a reduction in employee salaries has an impact on employee motivation. Previous research from Febriana and Sutanto (2015) showed that there was a positive and significant relationship between the perception of salary received by employees and work motivation of employees of PT. Indonusa Algaemas Prima Bali. This positive relationship shows that if the employee perceives the salary as the employee's expectations, then the

employee's work motivation will increase. On the contrary, if the salary received is perceived under the employee's expectations, the employee's work motivation will decrease. During the Covid-19 pandemic, companies compete for efficiency by lowering the salaries of their employees, so that there is a potential decrease in employee motivation which results in a decrease in employee performance.

Moreover, the reduction in employee salaries has an impact on employee performance. The previous research from Sutanto and Patty (2014) showed that there was a positive relationship between employee salaries and employee performance. This positive relationship indicates that if the employee has a salary as desired, then the employee's performance will be good. On the contrary, if the salary is perceived to be below expectation, then the employee's performance will decrease. During the Covid-19 pandemic, many employees are affected by salary cuts. This has the potential to reduce employee performance which has an impact on company performance.

On the other hand, employee motivation has an impact on the performance of the employees themselves. Research from Sutanto and Patty (2014) provided information that employee motivation had a positive impact on employee performance. This result indicates that if the employee's work motivation is high, the employee's performance will increase. However, if the employees' motivation is low, their performance will also decrease. The decrease in salary makes employees perceive the salary they received is below expectations, thus potentially reducing employee motivation. This decrease in work motivation has an impact on the employee's performance decline.

The explanation above shows that the company's policy of cutting employee salaries can actually have an impact on decreasing work motivation followed by a decrease in employee performance. A decrease in employee performance can also have an impact on the decline in company performance. As a good company, the company must assess how much the value of the reduction in wages is applied which as much as possible has a minimal impact on the decline in the company's employee performance. Therefore, this research will be useful to obtain answers regarding the impact of perceptions of employee salaries on employee performance through work motivation as a mediating variable.

This research is conducted in companies and various industrial sectors. For example, Wedding Story EO (Event Organizer), Chronicle EO, and Project Art Plus are companies engaged in the service sector where this research was conducted. The service industry is affected because, during the pandemic, many people are at home and do not need service assistance. Tax Consultant is a company engaged in taxation and finance whose name wants to be changed. The Mercure hotel is one of the service industries that have also been affected by the pandemic because during the pandemic, the community reduces traveling. This phenomenon causes companies

to make salary cuts, including basic salaries, allowances, wages due to reducing working hours, and so on. This study is also motivated by a research gap. Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. In contrast, Prabowo's research (in Nofinawati, 2018) suggested that the perception of salary had no significant effect on employee performance.

Therefore, this study aims to test and analyze the role of the antecedent variable of employee performance, which is the perception of salary and work motivation of the employees in Surabaya, who experienced the Covid-19 effect. It's also going to test the mediation role of the employees' work motivation on the effect of perception of salary on the employees' performance.

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2. Literature Review

Organizational Behavior Management

Companies are built to focus on improving productivity and profits. Organizational behavior management applies behavioral principles to individuals, groups, as well as entire people in an organization. Understanding people's behavior in an organization will result in better consideration to set effective strategies and policies to direct their behaviors positively achieving the organization's objectives. Positive people's behavior was reflected in their personal and group performance. There are many aspects to creating and directing people's behavior such as developing work motivation and creating positive perception. Perception will affect their behavior while motivational needs will push people to fulfill them effectively (Luthans, 2011).

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Perception of Salary

Nizamuddin (2020) said that salary is a reward for services in the form of money that was paid periodically to employees for the employee's contribution to achieving company goals. Tulus (in Subianto, 2016) said that salary was the money received by managerial and administrative staff for their services, by receiving the same amount of money based on the monthly wage rate. According to Hasibuan (in Jermias, 2016), the salary was a reward for services paid within a certain time to permanent employees and has a definite guarantee. Darendehe (2016) stated that salary was a component of income that was closely related to the position or direct compensation which to determine the severity of the task of a position within the company scope requires an in-depth study through job appraisal activities. Suwardjono (in Jermias, 2016) added that salary was the number of service payments paid every month. Mathis and Jackson (in Sutanto & Patty, 2014) said that salary was a form of compensation that was directly given to employees based on an employment contract between the employee and the company where the employee worked. Mondy and Noe (in Sutanto & Patty, 2014) said that the salary given

by the company to employees will have an impact on feelings and perceptions which was commonly referred to as equity theory. Equity theory explains that employees' satisfaction with the salary they receive is always related to a sense of fairness in the salary paid as to result of a long process of comparing themselves with others. Pranata, Putra, and Sulistyowati (2018) stated that the perception of salary was an employee's response to the salary policy given to the employee in the employee's place of work. The indicators of the perception of salary are internal, external, and employee justice (Sutanto & Patty, 2014).

Work Motivation

Mohtar (2019) said that work motivation can be said to be a way and a tool to foster interest and desire to help and do something that can provide benefits for oneself and others. Koontz (in Mohtar, 2019) suggested that motivation was a person's desire or urge to work towards a certain goal which usually arises as a result of an impulse. George and Jones (in Sutanto and Patty, 2014) said that work motivation was a person's psychological drive that determined the direction of the person's behavior, level of effort, and level of persistence in completing a job or problem. Sitorus (2020) argued that work motivation was a factor from within or outside a person that created enthusiasm for work. Susanty and Baskoro (2012) said that work motivation was important because work motivation can be a channel, supporter, or cause for someone to want to work hard and be enthusiastic to achieve optimal results. The indicators of work motivation are behavior direction, effort level, and persistence level (Sutanto & Patty, 2014).

Employee Performance

Sedarmayanti (in Subianto, 2016) suggested that the performance of employees was the output of an ongoing process. Dessler (in Darendehe, 2016) said that employee performance was a comparison of the expected achievement results with the actual achievement results, while the expected achievement was usually compiled with the standard achievements of the employees and then added with expectations that were higher than the standard achievements. Hariandja (in Sutanto & Patty, 2014) suggested that performance was the result of everything that employees do following their role in an organization or company. Mangkunegara (in Karlina, 2014) said that performance was the quality of work achieved by an employee in carrying out his duties following the responsibilities given to him. Sulistyani (in Karlina, 2014) added that performance was a combination of abilities, efforts, and opportunities that can be assessed from the results produced. The indicators of employee performance are attendance, conservation, and punctuality (Sutanto & Patty, 2014).

Relationship between Perception of Salary and Work Motivation

The research of Sabila, Mariatin, and Budiman (2019) showed that there was a significant effect between perceptions of salary and employee motivation. Purwani and Nurhayati (2013) also added that there was a significant relationship between salary perceptions and employee motivation. Karlina (2014) stated that the perception of the salary received by employees had a positive impact on employee work motivation. Nasution in Purwani and Nurhayati (2013) added that factors that increase work motivation were the provision of appropriate rewards and incentives. Based on this explanation, it can be built the initial hypothesis

H₁: Perception of salary has a positive influence on work motivation.

Relationship between Perception of Salary and Employee Performance

Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. This is in contrast to Prabowo's research (in Nofinawati, 2018) which said that the perception of salary had no significant effect on employee performance. This difference shows that there are companies whose employee performance is influenced by salary perception and there are companies whose employee performance is not influenced by salary perception. Based on this explanation, the initial hypothesis drawn is that the perception of salary has a positive influence on employee performance.

H₂: Perception of salary has a positive influence on employee performance.

Relationship between Perception of Salary, Work Motivation, and Employee Performance

Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance. Sitorus (2020) also said that work motivation was an encouragement to work morale so that the strength and weakness of a person's work motivation will determine the size of his or her achievements. Putri *et al.* (2020) said that an employee's work motivation will go up or down which can have an impact on the performance of the organization where the employee works. Susanty and Baskoro's research (2012) found that work motivation had a positive influence on employee performance. Siagian (in Purwani & Nurhayati, 2013) added that with increased employee motivation, work will be completed faster and employee productivity can increase. Based on this explanation, it can be concluded that work motivation has a positive relationship with employee performance.

H₃: Work motivation has a positive influence on employee performance.

Relationship between Perception of Salary and Employee Performance through Work Motivation

Research from Sabila *et al.* (2019) showed that there was a significant influence between perceptions of salary and employee motivation. Employee work motivation also has a positive influence on employee performance. Sutanto and Patty's (2014) research found that work motivation had a positive influence on employee performance.

Based on these facts, a hypothesis can be drawn that work motivation is a variable that can mediate the perception of salary with employee performance.

H₄: Work motivation can mediate the influence between perceptions of salary and employee performance.

All hypotheses are developed based on the previous studies as shown in Figure 1.

"Insert Figure 1 about here"

3. Methods

This study will examine the effect of perceptions of salary on employee performance through work motivation as a mediating variable. This research is quantitative, therefore the data that is needed is the answers from the respondents contained in the questionnaire. The distribution of this questionnaire will be carried out by distributing Google Forms or printed questionnaires, depending on the wishes of employees who are willing to become respondents.

In this study, the population used was all employees in Surabaya, which experienced a cut in wages due to the Covid-19 pandemic. Amount The number of employees in Surabaya who experienced a cut in salary is not known of course, so it can be said that the type of population in this study is population unknown. In this study, the sample used was part of the population. The sampling technique used was probability sampling, especially simple random sampling. This technique is used because this research only examines the employees in one area company regardless of the position held by the employee, so this research is suitable for using simple random sampling. This study uses the formula issued by Sekaran and Bougie (2016) which states that the number of samples for research with the population unknown is ten times the number of variables. The number of variables looking in this research is three variables; therefore, the minimum sample used in this study was 30 samples. Witjaksono (2020, p.107) strengthens this sample size by saying the number of samples needed for PLS is 30 to 100 samples, so this research can use a minimum of 30 samples in its research. The total number of respondents is 88.

The data analysis technique used in this study was Partial Least Square (PLS). This research will use SmartPLS software to help process data into data that can be presented. Data processing using SmartPLS is divided into two stages, namely evaluation of the outer model to test the validity and reliability and evaluation of the inner model to test the influence between variables.

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4. Results

Respondent Profile

There are 17 male respondents and 71 female respondents. This indicates that the composition of male respondents is 19 percent, while female respondents are 81 percent. There are five respondents aged 20 years or less, 80 respondents aged between 21 and 30 years, zero respondents aged between 31 and 40 years, two respondents aged between 41 and 50 years, and one respondent aged 50 years or more. This shows that the composition of respondents aged 20 years or less is six percent, ages 21 years to 30 years is 91 percent, ages 31 years to 40 years is zero percent, ages 41 years to 50 years is two percent, and ages 50 years or more is one percent.

Regarding the respondents' tenure, out of 88 respondents, 38 respondents had a working period of less than one year at the respondent's current workplace. 38 respondents said that the respondent had worked for one to three years at the respondent's current workplace. A total of eight respondents have worked between three and five years at the respondent's current workplace and only four respondents have worked more than five years at the respondent's current workplace. This makes the composition of respondents who work under one year is 43 percent, between one and three years is 43 percent, between three and five years is nine percent, and over five years is five percent. Regarding the respondents' work locations, of the 88 respondents, 67 respondents work in Surabaya, and 21 respondents work outside Surabaya.

There are five industrial sector classifications used in this study. This classification is made to facilitate the division of the industrial sector in which the respondent works. Of the 88 respondents, 21 respondents work in the food and beverage industry, 26 respondents work in the service industry, 17 respondents work in the retail industry, 11 respondents work in the finance and tax sector, and there were 13 respondents work in other sectors. other. This makes the food and beverage sector has 24 percent of respondents, services have 30 percent of respondents, retail has 19 percent of respondents, tax and finance has 12 percent of respondents, and other sectors 15 percent of respondents. Regarding the policy of the company where the respondents work, 11 respondents work from home in total, 45 respondents work from home alternately (in part), and 32 respondents continue to work in the office. This shows that 13 percent of respondents work from home in total, 51 percent of respondents work from home alternately or partially, and 36 percent of respondents continue to work from the office.

Outer Model (Validity and Reliability Test)

A study needs to ensure that all instruments are valid. Invalid statement instruments can interfere with the course of a study because it has the potential to make the analysis results incorrect. As a result, after running three stages of the validity test, Table 1 shows that the variable Perception of Salary has an AVE value of 0.755, the

Work Motivation variable has an AVE value of 0.636, and the Employee Performance variable has an AVE value of 0.660. This shows that all variables in this study are valid because greater than 0.5 (Juliandi, Irfan, dan Manurung, 2014).

"Insert Table 1 about here"

A reliability test is used to measure the consistency of the instrument used for this research. Table 2 shows Cronbach's Alpha and Composite Reliability values above 0.7 so that all statement instruments used in this research can be said to be reliable.

"Insert Table 2 about here"

Inner Model

Furthermore, Table 3 shows the R-square value for each dependent variable. The R-square value between the variable perception of salary and work motivation is 0.076. It indicates that the variable that affects work motivation in this study only contributes 7.6 percent. It means other variables affect work motivation. by 93.4 percent. The R-square value between the variable perception of salary on employee performance is 0.674. It indicates that the variables that affect employee performance in this study contributed 67.4 percent. It means that there is 32.6 percent of other variables outside of this study that affects employee performance.

"Insert Table 3 about here"

Table 4 shows that the t-statistics value of the perception of wages on employees' work is 1.36 and the p-value is 0.17. This shows that there is no positive relationship between perceptions of salary and employee performance. The t-statistics value for the perception of salary on work motivation is 3.26 with a p-value of 0.00. This shows that the perception of salary has a positive relationship with work motivation. Finally, the t-statistical value of work motivation on employee performance is 10.24 with a p-value of 0.00, which indicates that work motivation has a positive relationship with employee performance.

"Insert Table 4 about here"

5. Discussion

Hypotheses one to four have been answered in Table 4. The result shows that there is no significant influence between perceptions of salary on employee performance. The result of this study is in line with the research of Katidjan, Pawirosumarto, and Isnaryadi (2017) which stated that the perception of salary did not have a significant effect on employee performance. Irawati's (2018) and Prabowo's research (in Nofinawati, 2018) added that perceptions of the salary received by employees did not affect employee performance. Based on those results, it

can be concluded that the perception of salary does not affect employee performance. The greater the salary received by the employee does not contribute to the increase in employee performance. This can be a matter of consideration for the company when it wants to make company policies, especially regarding the increase in employee performance.

The result also shows that the perception of salary has a positive relationship with work motivation. It's in line with the research of Karlina (2014) which stated that perceptions of salary had a positive impact on employee motivation. Research by Sabila *et al.* (2019) also stated that perceptions of salary had a significant effect on employee motivation. It can be concluded that the perception of salary has a significant positive influence on employee motivation. The higher the salary, the more motivated the employee will be to work for the company. Employee morale will arise when employees feel that the salary is like their expectations. This spirit will motivate employees to work more for the company.

Further, the result shows that work motivation has a positive relationship with employee performance. Karlina's research (2014) also produced similar results, work motivation had a positive impact on employee performance. The second study that supports it is the research of Sutanto and Patty (2014) that stated work motivation had a positive effect on employee performance. Hidayat and Ferdiansyah (2011) also added that work motivation had a significant effect on employee performance. It suggests that work motivation influences employee performance. Employees who have high work motivation will also provide good performance results for the company. This is certainly beneficial for the company so that when the company wants to take steps or company policies related to human resources, the company can select employees with high work motivation to produce a high performance as well.

Finally, Table 4 shows that work motivation can mediate the effect of perception of salary on employee performance. Even though the perception of salary has no direct effect on employee performance, the variable work motivation has a vital role here. Therefore, it's a very important result for the management of the companies to focus on increasing employees' motivation and its key factors.

6. Conclusions

Perception of salary does not have a positive effect on employee performance. This is because several companies calculate performance based on working hours. For example, EO service companies are Project Art Plus, Chronicle EO, and others. Such companies pay wages to their employees based on the amount of work

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assigned to them. Even though in one month the salary received by employees is reduced due to the reduction in EO jobs, the work that is assigned to employees is also reduced. This causes employees to feel fair and it does not affect employee performance.

Perception of salary has a positive influence on employee motivation. Employees who have experienced salary reductions have experienced a decrease in work motivation. This is due to the feeling of being disproportionate between the efforts incurred and the wages they earn. In the Tax Consultant company, the workload given to employees is the same, but the salary reduction occurs due to a decrease in the company's cash flow. As a result, employees only carry out their duties, but there is no strong motivation to do their jobs.

Work motivation has a positive influence on employee performance. High work motivation will result in the desire to improve one's performance. If employees have high motivation, then employee performance will also increase. Work motivation can mediate the influence between perceptions of salary and employee performance. For companies' management, it's an important result to set strategies and policies about how to know and find out what key factors to increase employees' work motivation. Focusing on the amount of salary is more important than the perception of a salary, especially during such pandemic circumstances.

Moreover, this study contributes to the body of knowledge that perception of salary does not have a positive effect on employee performance as discussed studies previously. For further research, other researchers who have similar interests shall consider other employees' expectations such as working mode flexibility.

Commented [A7]: Theoretical and practical implication have been added as well as for further research.

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Table 1 AVE

| Variables | AVE |
|----------------------|-------|
| Employee Performance | 0.660 |
| Work Motivation | 0.636 |
| Perception of Salary | 0.755 |

Table 2 Reliability Test

| Variables | Cronbach's Alpha | Composite Reliability |
|----------------------|------------------|-----------------------|
| Employee Performance | 0.948 | 0.955 |
| Work Motivation | 0.928 | 0.940 |
| Perception of Salary | 0.935 | 0.949 |

Table 3 R-square Test

| Variables | R-square |
|-----------|----------|
|-----------|----------|

| | |
|----------------------|-------|
| Work Motivation | 0.076 |
| Employee Performance | 0.674 |

Table 4 t-test

| Relationship among Variables | t-statistics | p-values |
|---|--------------|----------|
| Perception of Salary → Work Motivation | 10.24 | 0.00 |
| Perception of Salary → Employee Performance | 1.36 | 0.17 |
| Work Motivation → Employee Performance | 3.26 | 0.00 |
| Perception of Salary → Work Motivation → Employee Performance | 3.16 | 0.00 |

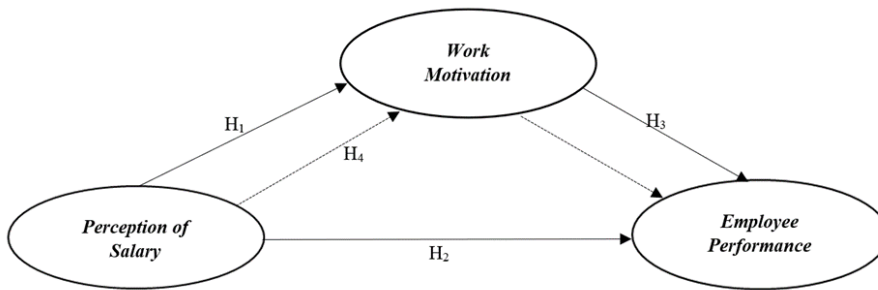


Figure 1. Research framework

**4. Bukti konfirmasi publikasi
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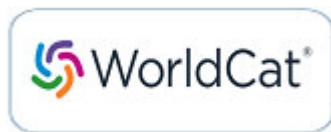
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The Employee Performance in the Covid-19 Pandemic and Its Antecedents

Eddy Madiono Sutanto^{1*}, Lady Valentine²

^{1,2}Faculty of Business and Economics, Petra Christian University

Jl. Siwalankerto No. 121 – 131, Surabaya, Indonesia

Email: ^{1*}esutanto@petra.ac.id; ²pauwpauw98@gmail.com

*Corresponding author

Abstract

Indonesia is currently experiencing a Covid-19 pandemic. The Covid-19 pandemic has had a bad impact on the majority of Indonesians. Companies in Indonesia were severely affected. Many companies have experienced a decrease in turnover and sales. This situation has resulted in a reduction in employees to a cut in wages. Company policy is undoubtedly not allowed to decrease employee performance, therefore. This study aimed to determine the effect of perceptions of salary on employee performance through work motivation. The research subject was the employees in Surabaya who experienced salary cuts due to the Covid-19 impact. The sampling technique was purposive sampling. The total number of respondents was 88. The PLS results showed that employees' perceptions of salary did not affect employee performance. Perceptions of salary only affected work motivation. Work motivation affected employee performance, but work motivation did not mediate the effect of perceptions of salary on employee performance.

Keywords: Perceptions of Salary; Work Motivation; Employee Performance.

1. Introduction

Indonesia is currently experiencing a pandemic period due to the Covid-19 virus (Putri, Sari, Wahyuningsih, & Meikhati, 2020). The Covid-19 pandemic currently occurring in Indonesia has attacked certain cities or areas and almost all parts of Indonesia. This has resulted in all sectors in Indonesia experiencing deterioration due to Covid-19, starting from the health, education, social, and even economic sectors.

Putri *et al.* (2020) stated that the Covid-19 pandemic had a profound impact on the economic sector. Companies as economic support experienced a decline in turnover and sales. This resulted in many companies going out of business. Putri *et al.* (2020) also added that many companies that were still running had also taken employee efficiency policies by laying off (termination of employment) to maintain the existence of the company. Reported to the website, namely www.kumparan.com, some examples of large companies that have terminated their employment with employees such as PT. Fast Food Indonesia Tbk. which holds the license for KFC outlets and one of the application companies providing hotel and flight ticket reservation services, namely Traveloka.

As well as layoffs, many companies have implemented a work-from-home and office-work system on a rotating basis. Some companies limit the number of employees who enter the office. The companies limit the number of employees

allowed to work in the office up to 75, 50, or 25 percent of capacity, which depends on the industry sector essentiality. This restriction has reduced the compensation or salaries of their employees. This is done to maintain the sustainability of the company and avoid bankruptcy. Launched by the website www.cekaja.com, some examples of large companies implementing employee salary reduction policies such as Garuda Indonesia airline and one of the largest department stores in Indonesia, namely Matahari Department Store. The employee's salary monitoring is not always positively responded to by employees (Kristianto & Tarigan, 2019). Some employees respond negatively to the salary cut, such as a decrease in work motivation and job performance or employee performance. The decline in motivation and employee performance certainly has a negative impact on the continuity of the company.

Nizamuddin (2020) said that the salary was in return for services to employees who were paid periodically for the employee's contribution to achieving company goals. The reduction in salary that occurs in a company is a reduction in the company's incentives for the company's employees. This certainly has an impact on employee motivation and performance. Employees who originally received full salaries for the efforts given to the company are now receiving a reduction in salary due to the Covid-19 pandemic. This reduction in salary can certainly reduce work motivation which will later have an impact on employee performance. Employees who initially

perceived that the salary they earned was commensurate with their contribution to the company now can be unequal due to a reduction in employee salaries in the company.

Moreover, a reduction in employee salaries has an impact on employee motivation. Previous research by Febriana and Sutanto (2015) showed a positive and significant relationship between perception of salary received by employees and work motivation of employees of PT Indonusa Algaemas Prima Bali. This positive relationship shows that if the employee perceives the salary as the employee's expectations, then the employee's work motivation will increase. On the contrary, if the salary received is perceived under the employee's expectations, the employee's work motivation will decrease. During the Covid-19 pandemic, companies compete for efficiency by lowering the salaries of their employees, so that there is employees' salaries' salaries potential decrease in employee motivation, which results in a decrease in employee performance.

Moreover, the reduction in employee salaries has an impact on employee performance. The previous research from Sutanto and Patty (2014) showed that there was a positive relationship between employee salaries and employee performance. This positive relationship indicates that if the employee has a salary as desired, then the employee's performance will be good. On the contrary, if the salary is perceived to be below expectation, then the employee's performance will decrease. During the Covid-19 pandemic, many employees are affected by salary cuts. This has the potential to reduce employee performance, which has an impact on company performance.

On the other hand, employee motivation impacts the performance of the employees themselves. Research from Sutanto and Patty (2014) provided information that employee motivation had a positive impact on employee performance. This result indicates that if the employee's work motivation is high, the employee's performance will increase. However, if the employees' motivation is low, their performance will also decrease. The decrease in salary makes employees perceive the salary they received is below expectations, thus potentially reducing employee motivation. This decrease in work motivation has an impact on the employee's performance decline.

The explanation above shows that the New's policy of cutting employee salaries can actually have an impact on decreasing work motivation followed by a decrease in employee performance.

A decrease in employee performance can also have an impact on the decline in company performance. As a good company, the company must assess how much the reduction, as much as possible, has a minimal impact on the decline in the company's employee performance. Therefore, this research will be useful to obtain answers regarding the impact of perceptions of employee salaries on employee performance through work motivation as a mediating variable.

This research is conducted in companies and various industrial sectors. For example, Wedding Story EO (Event Organizer), Chronicle EO, and Project Art Plus are companies engaged in the service sector where this research was conducted. The service industry is affected because, during the pandemic, many people are at home and do not need service assistance. Tax Consultant is a company engaged in taxation and finance whose name wants to be changed. The Mercure hotel is one of the service industries that have also been affected by the pandemic because during the pandemic, the community reduces traveling. This phenomenon causes companies to make salary cuts, including basic salaries, allowances, wages due to reducing working hours, etc. This study is also motivated by a research gap. Sutanto and Patty's (2014) research found that salary had a positive effect on employee performance. In contrast, Prabowo's research (in Nofinawati, 2018) suggested that the perception of salary had no significant effect on employee performance.

Therefore, this study aims to test and analyze the role of the antecedent variable of employee performance, which is the perception of salary and work motivation of the employees in Surabaya who experienced the Covid-19 effect. In addition, it's also going to test the mediation role of the employees' work motivation on the impact of perception of salary on the employees' performance.

2. Literature Review

2.1. Organizational Behavior Management

Companies are built to focus on improving productivity and profits. Organizational behavior management applies behavioral principles to individuals, groups, as well as entire people in an organization. Understanding people's behavior in an organization will result in better consideration to set effective strategies and policies to direct their behaviors positively, achieving the organization's objectives. Positive people's behavior was reflected in their personal and group performance.

There are many aspects to creating and directing people's behavior, such as developing work motivation and creating positive perceptions. Perception will affect their behavior, while motivational needs will push people to fulfill them effectively (Luthans, 2011).

2.2. Perception of Salary

Nizamuddin (2020) said that salary is a reward for services in the form of money that was paid periodically to employees for the employee's contribution to achieving company goals. Tulus (in Subianto, 2016) said that salary was the money received by managerial and administrative staff for their services by receiving the same amount of money based on the monthly wage rate. According to Hasibuan (in Jermias, 2016), the salary was a reward for services paid within a certain time to permanent employees and had a definite guarantee. Darendehe (2016) stated that salary was a component of income that was closely related to the position or direct compensation, which to determine the severity of the task of a position within the company scope requires an in-depth study through job appraisal activities. Suwardjono (in Jermias, 2016) added that salary was the number of service payments paid every month. Mathis and Jackson (in Sutanto & Patty, 2014) said that salary was a form of compensation that was directly given to employees based on an employment contract between the employee and the company where the employee worked. Mondy and Noe (in Sutanto & Patty, 2014) said that the salary given by the company to employees would have an impact on feelings and perceptions, which was commonly referred to as equity theory. Equity theory explains that employees' satisfaction with the salary they receive is always related to a sense of fairness in the salary paid as to result of a long process of comparing themselves with others (Kristianto & Tarigan, 2019). Pranata, Putra, and Sulistyowati (2018) stated that the perception of salary was an employee's response to the salary policy given to the employee in the employee's place of work. The indicators of the perception of salary are internal, external, and employee justice (Sutanto & Patty, 2014).

2.3. Work Motivation

Mohtar (2019) said that work motivation could be said to be away and a tool to foster interest and desire to help and do something that can provide benefits for oneself and others.

Koontz (in Mohtar, 2019) suggested that motivation was a person's desire or urge to work towards a specific goal that usually arises from an impulse. George and Jones (in Sutanto and Patty, 2014) said that work motivation was a person's psychological drive that determined the direction of the person's behavior, level of effort, and level of persistence in completing a job or problem. Sitorus (2020) argued that work motivation was a factor from within or outside a person that created enthusiasm for work. Susanty and Baskoro (2012) said that work motivation was important because work motivation can be a channel, supporter, or cause for someone to want to work hard and be enthusiastic to achieve optimal results. The indicators of work motivation are behavior direction, effort level, and persistence level (Sutanto & Patty, 2014).

2.4. Employee Performance

Sedarmayanti (in Subianto, 2016) suggested that the performance of employees was the output of an ongoing process. Dessler (in Darendehe, 2016) said that employee performance was a comparison of the expected achievement results with the actual achievement results, while the expected achievement was usually compiled with the standard achievements of the employees and then added with expectations were higher than the standard achievements. Hariandja (in Sutanto & Patty, 2014) suggested that performance results from everything that employees do following their role in an organization or company. Mangkunegara (in Karlina, 2014) said that performance was the quality of work achieved by an employee in carrying out his duties following his responsibilities. Sulistyani (in Karlina, 2014) added that performance was a combination of abilities, efforts, and opportunities that can be assessed from the results produced. The employee performance indicators are attendance, conservation, and punctuality (Sutanto & Patty, 2014).

2.5. Relationship between Perception of Salary and Work Motivation

The research of Sabila, Mariatin, and Budiman (2019) showed a significant effect between perceptions of salary and employee motivation. Purwani and Nurhayati (2013) also added a significant relationship between salary perceptions and employee motivation. Karlina (2014) stated that the perception of the salary received by employees had a positive impact on employee

work motivation. Nasution in Purwani and Nurhayati (2013) added that factors that increase work motivation were the provision of appropriate rewards and incentives. Based on this explanation, it can be built the initial hypothesis:

H₁: Perception of salary has a positive influence on work motivation.

2.6. Relationship between Perception of Salary and Employee Performance

Sutanto and Patty's (2014) research found that salary positively affected employee performance. This is in contrast to Prabowo's research (in Nofinawati, 2018) which said that the perception of salary had no significant effect on employee performance. This difference shows that there are companies whose employee performance is influenced by salary perception, and there are companies whose employee performance is not influenced by salary perception. Based on this explanation, the initial hypothesis drawn is that the perception of salary positively influences employee performance:

H₂: Perception of salary has a positive influence on employee performance.

2.7. Relationship between Perception of Salary, Work Motivation, and Employee Performance

Sutanto and Patty's (2014) research found that work motivation positively influenced employee performance. Sitorus (2020) also said that work motivation was an encouragement to work morale so that the strength and weakness of a person's work motivation will determine the size of his or her achievements. Putri *et al.* (2020) said that an employee's work motivation would go up or down, which can impact the performance of the organization where the employee works. Susanty and Baskoro's research (2012) found that work motivation positively influenced employee performance. Siagian (in Purwani & Nurhayati, 2013) added that work would be completed faster and employee productivity can increase with increased employee motivation. Based on this explanation, it can be concluded that work motivation has a positive relationship with employee performance:

H₃: Work motivation has a positive influence on employee performance.

2.8. Relationship between Perception of Salary and Employee Performance through Work Motivation

Research from Sabila *et al.* (2019) showed a significant influence between perceptions of salary and employee motivation. Employee work motivation also has a positive influence on employee performance. Sutanto and Patty's (2014) research found that work motivation positively influenced employee performance. Based on these facts, a hypothesis can be drawn that work motivation is a variable that can mediate the perception of salary with employee performance:

H₄: Work motivation can mediate the influence between perceptions of salary and employee performance.

All hypotheses are developed based on the previous studies, as shown in Figure 1.

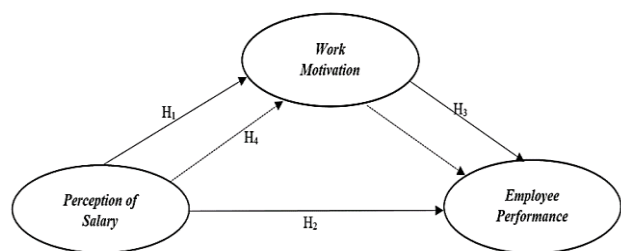


Figure 1. Research Model and Constructs Relationship

3. Methods

This study will examine the effect of perceptions of salary on employee performance through work motivation as a mediating variable. This research is quantitative; therefore, the needed data is the answers from the respondents contained in the questionnaire. This questionnaire will be distributed by distributing Google Forms or printed questionnaires, depending on the wishes of employees who are willing to become respondents.

In this study, the population used was all employees in Surabaya, which experienced a cut in wages due to the Covid-19 pandemic. Amount, The number of employees in Surabaya who experienced a cut in salary is not known, of course, so it can be said that the type of population in this study is population unknown. In this study, the sample used was part of the population. The sampling technique used was probability sampling, especially simple random sampling. This technique

is used because this research only examines the employees in one area company regardless of the position held by the employee, so this research is suitable for using simple random sampling. This study uses the formula issued by Sekaran and Bougie (2016), which states that the number of samples for research with the population unknown is ten times the number of variables. The number of variables looking in this research is three variables; therefore, the minimum sample used in this study was 30 samples. Witjaksono (2020, p.107) strengthens this sample size by saying the number of samples needed for PLS is 30 to 100, so this research can use a minimum of 30 samples. The total number of respondents is 88.

The data analysis technique used in this study was Partial Least Square (PLS). This research will use SmartPLS software to help process data into data that can be presented. Data processing using SmartPLS is divided into two stages: evaluation of the outer model to test the validity and reliability and evaluation of the inner model to test the influence between variables.

4. Results

4.1. Respondent Profile

There are 17 male respondents and 71 female respondents. This indicates that the composition of male respondents is 19 percent, while female respondents are 81 percent. Five respondents were aged 20 years or less, 80 respondents were aged between 21 and 30 years, zero respondents were aged between 31 and 40 years, two respondents were aged between 41 and 50 years, and one respondent was aged 50 years or more. This shows that the composition of respondents aged 20 years or less is six percent, ages 21 years to 0 years is 91 percent, ages 31 years to 40 years is zero percent, ages 41 years to 50 years is two percent, and ages 50 years or more is one percent.

Out of 88 respondents, 38 respondents had a working period of less than one year at the respondent's current workplace regarding the respondents' tenure. Thirty-eight respondents said that the respondent had worked for one to three years at the respondent's current workplace. A total of eight respondents have worked between three and five years at the respondent's current workplace, and only four respondents have worked more than five years at the respondent's current workplace. This makes the composition of respondents who work under one year is 43

percent, between one and three years is 43 percent, between three and five years is nine percent, and over five years is five percent. Regarding the respondents' work locations, of the 88 respondents, 67 respondents work in Surabaya, and 21 respondents work outside Surabaya.

There are five industrial sector classifications used in this study. This classification is made to facilitate the division of the industrial sector in which the respondent works. Of the 88 respondents, 21 respondents work in the food and beverage industry, 26 respondents work in the service industry, 17 respondents work in the retail industry, 11 respondents work in the finance and tax sector, and 13 respondents work in other sectors. Other. This makes the food and beverage sector has 24 percent of respondents, services have 30 percent of respondents, retail has 19 percent of respondents, tax and finance has 12 percent of respondents, and other sectors 15 percent of respondents. Regarding the company's policy where the respondents work, 11 respondents work from home in total, 45 respondents work from home alternately (in part), and 32 respondents continue to work in the office. This shows that 13 percent of respondents work from home in total, 51 percent of respondents work from home alternately or partially, and 36 percent of respondents continue to work from the office.

4.2. Outer Model (Validity and Reliability Test)

A study needs to ensure that all instruments are valid. Invalid statement instruments can interfere with the course of a study because they can potentially make the analysis results incorrect. As a result, after running three stages of the validity test, Table 1 shows that the variable Perception of Salary has an AVE value of 0.755, the Work Motivation variable has an AVE value of 0.636, and the Employee Performance variable has an AVE value of 0.660. This shows that all variables in this study are valid because they are greater than 0.5 (Juliandi, Irfan, dan Manurung, 2014).

Table 1. Average Variance Extracted (AVE) Test Result

| Variables | AVE |
|----------------------|-------|
| Employee Performance | 0.660 |
| Work Motivation | 0.636 |
| Perception of Salary | 0.755 |

A reliability test is used to measure the consistency of the instrument used for this research. Table 2 shows Cronbach's Alpha and

Composite Reliability values above 0.7 so that all statement instruments used in this research can be said to be reliable.

Table 2. Reliability Test Result

| Variables | <i>Cronbach's Alpha</i> | <i>Composite Reliability</i> |
|----------------------|-------------------------|------------------------------|
| Employee Performance | 0.948 | 0.955 |
| Work Motivation | 0.928 | 0.940 |
| Perception of Salary | 0.935 | 0.949 |

4.3. Inner Model

Furthermore, Table 3 shows the R-square value for each dependent variable. The R-square value between the variable perception of salary and work motivation is 0.076. It indicates that the variable that affects work motivation in this study only contributes 7.6 percent. It means other variables affect work motivation by 93.4 percent. The R-square value between the variable perception of salary on employee performance is 0.674. It indicates that the variables that affect employee performance in this study contributed 67.4 percent. It means that 32.6 percent of other variables outside of this study affect employee performance.

Table 3. Reliability Test Result

| Variables | <i>R-square</i> |
|----------------------|-----------------|
| Work Motivation | 0.076 |
| Employee Performance | 0.674 |

Table 4 shows that the t-statistics value of the perception of wages on employees' work is 1.36, and the p-value is 0.17. This shows no positive relationship between perceptions of salary and employee performance. The t-statistics value for the perception of salary on work motivation is 3.26 with a p-value of 0.00. This shows that the perception of salary positively correlates with work motivation. Finally, the t-statistical value of work motivation on employee performance is 10.24 with a p-value of 0.00, which indicates that work motivation has a positive relationship with employee performance.

5. Discussion

Hypotheses one to four have been answered in Table 4. The result shows no significant influence between perceptions of salary on employee performance. The result of this study is in line with the research of Katidjan, Pawirosumarto, and Isnaryadi (2017), which stated that the perception

of salary did not have a significant effect on employee performance. Irawati's (2018) and Prabowo's research (in Nofinawati, 2018) added that perceptions of the salary received by employees did not affect employee performance. Based on those results, it can be concluded that salary perception does not affect employee performance. Therefore, the greater the salary received by the employee does not contribute to the increase in employee performance. This can be a matter of consideration for the company when it wants to make company policies, especially regarding increased employee performance.

Table 4. Hypothesis Test Result

| Relationship among Variables | t-Statistics | p-Values |
|---|--------------|----------|
| Perception of Salary → Work Motivation | 10.24 | 0.00 |
| Perception of Salary → Employee Performance | 1.36 | 0.17 |
| Work Motivation → Employee Performance | 3.26 | 0.00 |
| Perception of Salary → Work Motivation → Employee Performance | 3.16 | 0.00 |
| Perception of Salary → Work Motivation → Employee Performance | 10.24 | 0.00 |

The result also shows that the perception of salary positively correlates with work motivation. It's in line with Karlina (2014) research, which stated that perceptions of salary had a positive impact on employee motivation. Research by Sabila *et al.* (2019) also said that perceptions of salary had a significant effect on employee motivation. It can be concluded that the perception of salary has a significant positive influence on employee motivation. The higher the salary, the more motivated the employee will be to work for the company. Employee morale will arise when employees feel that the salary is like their expectations. This spirit will motivate employees to work more for the company.

Further, the result shows that work motivation positively affects employee performance. Karlina's research (2014) also produced similar results; work motivation positively impacted employee performance. The second study that supports it is the research of Sutanto and Patty (2014) that stated work motivation had a positive effect on employee performance. Hidayat and Ferdiansyah (2011) also added that work motivation significantly affected employee performance. It suggests that work motivation influences employee performance. Employees who have high

work motivation will also provide good performance results for the company. This is certainly beneficial for the company. When the company wants to take steps or company policies related to human resources, the company can select employees with high work motivation to produce high performance.

Finally, Table 4 shows that work motivation can mediate the effect of salary perception on employee performance. Even though the perception of salary directly affects employee performance, the variable work motivation has a vital role here. Therefore, it's a significant result for the management of the companies to focus on increasing employees' motivation and its key factors.

6. Conclusions

Perception of salary does not have a positive effect on employee performance. This is because several companies calculate performance based on working hours. For example, Project Art Plus, Chronicle EO, and others are EO service companies. Such companies pay wages to their employees based on the amount of work assigned to them. As the salary received by employees in one month is reduced due to the reduction in EO jobs, the work assigned to employees is also reduced. This causes employees to feel fair, and it does not affect employee performance. Perception of salary has a positive influence on employee motivation. Employees who have experienced salary reductions have experienced a decrease in work motivation. This is due to the feeling of being disproportionate between the efforts incurred and the wages they earn. For example, in the Tax Consultant company, the workload given to employees is the same, but the salary reduction occurs due to a decrease in the company's cash flow. As a result, employees only carry out their duties, but there is no strong motivation to do their jobs. Work motivation has a positive influence on employee performance. High work motivation will result in the desire to improve one's performance. If employees have high motivation, then employee performance will also increase. Work motivation can mediate the influence between perceptions of salary and employee performance. For companies' management, it's important to set strategies and policies about how to know and find out what key factors increase employees' work motivation. Focusing on the amount of salary is more important than the

perception of a salary, especially during such pandemic circumstances.

Moreover, as discussed previously, this study contributes to the body of knowledge that the perception of salary does not positively affect employee performance. Therefore, for further research, other researchers who have similar interests shall consider other employees' expectations, such as working mode flexibility.

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