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The Effect of Compensation and Rewards on Employee Performance: A Case Study of PT Trimega Pasivic Indonesia

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Abstract: This study aims to examine the effect of compensation and rewards on employee performance at PT Trimega Pasivic Indonesia. The research employs a quantitative approach using multiple linear regression analysis, with data collected through questionnaires distributed to employees directly involved in the company's operational activities. The independent variables in this study consist of compensation and rewards, while the dependent variable is employee performance. The results of the analysis indicate that both compensation and rewards have a positive and statistically significant effect on employee performance, both simultaneously and partially. These findings underscore the critical importance of implementing a fair and well-structured compensation and reward system to enhance employee productivity and job satisfaction, which ultimately contributes to the overall success of the company. This study is expected to provide theoretical contributions to the development of human resource management literature, as well as practical implications for organizations in optimizing employee performance management.

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Introduction

Human resources (HR) constitute a strategic element that determines both organizational sustainability and the achievement of corporate performance, as they function as the primary driving force behind all organizational processes and activities. Accordingly, companies are required not only to maintain the quality of their human resources but also to continuously enhance employee performance through systematic and comprehensive measures. These efforts include strengthening work motivation through incentive mechanisms and psychological support, improving employee capabilities through training and professional development programs, and providing appropriate compensation and rewards as tangible recognition of employee contributions. In addition, organizations must create a work environment that is comfortable, safe, and supportive, enabling employees to perform their duties optimally without excessive pressure. A positive work environment not only enhances productivity but also reinforces employee loyalty, job satisfaction, and organizational commitment, which ultimately serve as critical factors in sustaining long-term competitive advantage (Yang et al., 2021).

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In practice, corporate success is highly dependent on the role of human resources, both individually and collectively, as HR quality directly influences workflow efficiency and the achievement of organizational strategic objectives. Organizational performance may improve or decline depending on management's ability to regulate, facilitate, and comprehensively address employee welfare. Therefore, structured development initiatives are essential, such as providing relevant training to enhance competencies and capabilities, implementing fair compensation systems that are proportional to workload and contributions, and delivering appropriate rewards as a form of appreciation and motivational reinforcement. Furthermore, fostering a safe, harmonious, and supportive work environment is crucial to ensuring employees' psychological well-being, allowing them to perform optimally while remaining aligned with organizational goals. These integrated efforts not only positively affect individual performance but also strengthen overall organizational performance in sustaining and enhancing competitive advantage over time (Sonkoly et al., 2016).

Compensation plays a pivotal role in enhancing employee motivation, satisfaction, and loyalty, as it serves as a primary indicator of the extent to which organizations value employee contributions. When compensation is structured fairly and aligned with responsibilities and performance, it can improve discipline, strengthen collaboration among employees, and create workforce stability that supports sustainable organizational operations. Adequate compensation functions not merely as economic remuneration but also as an effective mechanism for boosting productivity by reinforcing both intrinsic and extrinsic motivation. In practice, compensation encompasses financial components such as salaries, incentives, and bonuses as well as non-financial components, including recognition, career development opportunities, a supportive work atmosphere, and work flexibility. Both forms are essential in fulfilling employees' physical, social, and psychological needs, thereby contributing to a conducive work environment and strengthening employee engagement in achieving organizational objectives (Cappa et al., 2019).

In addition to compensation, rewards play a significant role in enhancing employee motivation, enthusiasm, and commitment in carrying out their responsibilities. Rewards are granted as recognition for performance that exceeds organizational standards, whether in financial forms such as bonuses or promotions, or non-financial forms such as praise, certificates of appreciation, or opportunities to participate in professional development programs. Reward systems not only function as expressions of appreciation but also serve as effective motivational instruments that reinforce positive work behaviors and encourage employees to sustain high performance. When rewards are implemented fairly, transparently, and consistently, employees feel valued and develop positive perceptions of the organization. This condition motivates them to continuously improve performance, fosters a healthy and competitive work culture, and contributes to overall organizational productivity and effectiveness (Manso, 2017).

The effective implementation of compensation and reward systems is crucial in creating job satisfaction, enhancing loyalty, and encouraging employees to contribute optimally to organizational success. Proportionate and systematically designed reward mechanisms not only recognize employee achievements but also function as effective tools to improve productivity, reduce employee turnover, and strengthen emotional attachment to the organization. Moreover, consistent application of compensation and reward policies can cultivate a positive organizational culture, enhance both individual and team performance, and support the sustainable achievement of strategic objectives. Consequently, the integration of compensation and rewards is not merely an administrative practice but an essential component of modern human resource management that focuses on employee

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development, performance optimization, and overall organizational competitiveness (Schloemer-Jarvis et al., 2022).

Similar phenomena are evident at PT Trimega Pasivic Indonesia, a nickel mining company operating in Southeast Sulawesi, which faces significant challenges related to its compensation and reward systems. The existing compensation structure is perceived as suboptimal and insufficient in meeting employee expectations, leading to a certain level of dissatisfaction among the workforce. Out of a total of 63 employees, various complaints have emerged regarding salary levels, bonus distribution mechanisms, and other forms of rewards considered inadequate, serving as clear indicators of employee dissatisfaction. Furthermore, limited attention to career development and opportunities for competency enhancement has reinforced negative perceptions of the company's human resource management practices. These conditions carry substantial implications, as dissatisfaction with compensation and rewards can reduce employee motivation, loyalty, and commitment, ultimately affecting overall productivity and organizational performance. Therefore, the company must conduct a comprehensive evaluation of its compensation and reward policies while designing more holistic HR management strategies, including structured career development programs, to sustainably enhance employee welfare, motivation, and performance (Parkinson et al., 2015).

Interview findings reveal a clear discrepancy between the rewards received by employees and their actual contributions to the organization. Employees in the production division reported that the existing bonus system has not improved, even when production targets are achieved or exceeded, resulting in perceptions of inequity in performance-based rewards. Meanwhile, employees in the finance division highlighted structural issues, particularly the absence of clear career paths and limited access to advanced training or competency development programs, which restrict their opportunities for professional growth and career advancement. The combination of insufficient financial rewards, unclear career progression, and limited attention to competency development has generated a sense of being undervalued among employees. This situation directly affects work motivation, diminishes enthusiasm and engagement in daily tasks, and ultimately undermines overall organizational performance. These findings emphasize the critical role of management in designing fair and transparent compensation and reward policies aligned with employee contributions, as well as providing adequate career development programs to sustainably enhance motivation, loyalty, and productivity (Phung et al., 2023).

The emerging issues indicate that misalignment between compensation and reward systems with employee expectations and contributions not only generates short-term dissatisfaction but also poses the risk of evolving into more complex, long-term human resource challenges. The consequences include declining employee loyalty, reduced productivity and performance quality, and increased turnover rates, which subsequently incur additional costs for recruitment and training. Such conditions present significant challenges for management in maintaining organizational stability and operational sustainability, particularly within the mining sector, which demands high efficiency and strict safety standards. Therefore, an in-depth empirical investigation is required to understand the extent to which compensation and reward systems influence employee motivation, performance, and commitment in mining companies such as PT Trimega Pasivic Indonesia. Such research is essential to provide an evidence-based foundation for management in formulating more effective HR strategies, including fair, transparent compensation and reward policies that enhance performance, loyalty, and employee retention in a sustainable manner (Mazzetti et al., 2016).

Previous studies have demonstrated that compensation and reward systems significantly influence employee performance, with fair and adequate rewards enhancing motivation, productivity, and work commitment. However, some findings suggest contrasting outcomes, indicating that compensation or rewards do not always yield positive effects on performance and may even generate perceptions of injustice or reduced motivation when misaligned with employee contributions or expectations. These divergent findings reflect the complexity of the relationship between compensation, rewards, and performance, underscoring the need for further investigation to better understand the mechanisms through which these variables interact within specific contexts. This issue is particularly relevant in the mining industry, which is characterized by unique operational and cultural features, including high productivity demands, significant safety risks, and distinct job structures between operational and administrative divisions. Such characteristics may shape employee motivation, perceptions of fairness, and responses to compensation systems, thereby necessitating further research to explore the interaction between compensation, rewards, and contextual factors in the mining sector to develop more effective and context-sensitive HR management strategies (Thirumurthy et al., 2016).

Based on the gap between actual conditions at PT Trimega Pasivic Indonesia and the inconsistent findings in the existing literature regarding the effects of compensation and rewards on employee performance, this study offers an innovative contribution by examining in greater depth the mechanisms underlying these relationships within the context of the nickel mining industry. The study not only identifies the relationships between compensation, rewards, and employee performance but also seeks to understand the dynamics shaped by industry-specific characteristics, including organizational structure, high operational demands, and substantial occupational safety risks. Through this approach, the research is expected to reveal contextual factors influencing the effectiveness of reward systems and employee responses to compensation policies. In addition to providing comprehensive academic insights into the effects of compensation and rewards, this study aims to generate practical recommendations for management in designing and refining fair, transparent, and contribution-based reward systems that enhance motivation, loyalty, and workforce productivity in a sustainable manner. Consequently, this research contributes not only to the advancement of scholarly knowledge but also delivers tangible practical value for human resource management in the mining industry (Park & Sturman, 2016).

Research Method

This study aims to analyze and explain the effects of Compensation and Rewards on Employee Performance at PT Trimega Pasivic Indonesia. Based on the research objectives and the characteristics of the relationships among variables, this study is classified as explanatory research, which emphasizes testing functional relationships between variables as well as hypothesis testing (Sugiyono, 2020). A quantitative approach is employed, with data collected using a cross-sectional or one-shot study design through questionnaires. Accordingly, all data were obtained at a single point in time to provide an accurate empirical depiction of the conditions of the variables under investigation (Lee et al., 2015).

The research was conducted at PT Trimega Pasivic Indonesia in Southeast Sulawesi, with all company employees designated as the target population. The study was scheduled to run for two months. During the first month, activities focused on the distribution and collection of questionnaires, while the second month was dedicated to data processing and analysis using Multiple Linear

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Regression Analysis. This systematic scheduling was intended to ensure that the collected data were complete, consistent, and suitable for hypothesis testing (Doucet et al., 2018).

The population of this study comprised all 63 employees of PT Trimega Pasivic Indonesia. A saturated sampling technique was applied, whereby all members of the population were included as respondents, except for data deemed invalid or incomplete. Following validity testing, 35 responses were retained for analysis. The use of saturated sampling was intended to ensure that the findings accurately reflected the overall population and to minimize potential sampling bias (Sugiyono, 2020; Yu et al., 2022).

The study variables consist of independent variables, namely Compensation (X1) and Rewards (X2), and a dependent variable, Employee Performance (Y). Compensation includes elements such as wages, salaries, allowances, and other benefits received by employees. Rewards encompass incentives, bonuses, psychological and social recognition, as well as opportunities for career development. Employee performance is measured based on individual capability, level of effort exerted, and organizational support (Mathis & Jackson, 2009). These variables served as the basis for constructing quantitative measurement instruments equipped with clear and measurable indicators (Russell & Russell, 2021).

The data utilized in this study include quantitative data, such as numerical values, questionnaire scores, and working hours, as well as qualitative data in the form of descriptions of the research location, company profile, and standard operating procedures (SOPs). Data sources were categorized into primary data, obtained through interviews, observations, and questionnaires, and secondary data, derived from company documents, employee profiles, and operational records. The integration of both data types was intended to enhance research validity and support more accurate inferential analysis (Rosini & Adab, 2023; Saka et al., 2021).

Data collection was carried out using a questionnaire based on a five-point Likert scale, where a score of 1 indicates “very poor” and a score of 5 indicates “very good” (Sugiyono, 2020). In addition, documentation was employed to verify secondary data and to complement information related to compensation policies, reward systems, and performance procedures within the company. The data collection process involved the following stages: (1) determination of the research population; (2) questionnaire design; (3) questionnaire distribution; (4) data collection; (5) testing of instrument validity and reliability; and (6) data processing using SPSS software (Temesgen et al., 2018).

The research instruments were tested for validity and reliability. Validity was assessed using the product-moment correlation at a significance level of $\alpha = 0.05$, with a criterion of $r \geq 0.30$, to ensure that the instruments accurately measured the intended variables. Reliability was tested using Cronbach’s Alpha, with a minimum threshold of ≥ 0.60, to ensure internal consistency among variable indicators (Hair et al., 2010). These procedures were conducted to ensure that the instruments produced valid and reliable data prior to regression analysis (Berk & van Binsbergen, 2015).

Prior to conducting regression analysis, classical assumption tests were performed, including tests of normality (using distribution plots and the Chi-square test), multicollinearity (via variance inflation factor and tolerance values), heteroskedasticity (using ZPRED and SRESID plots), autocorrelation (using the Durbin Watson test), and linearity (Test for Linearity in SPSS at $\alpha = 0.05$) (Ghozali, 2016). These tests were undertaken to confirm that the multiple linear regression model met the required statistical assumptions, thereby ensuring the inferential validity of the results (Masri & Jaaron, 2017).

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Data analysis was conducted in two stages. First, descriptive analysis was employed to describe the conditions of the variables based on respondents' perceptions, using the class interval formula C = (Xn – X1)/k. Second, inferential analysis was performed to test the effects of Compensation and Rewards on Employee Performance using Multiple Linear Regression Analysis, expressed as: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + e$, where Y represents Employee Performance, X_1 denotes Compensation, X_2 denotes Rewards, and e represents the error term. Hypothesis testing was conducted simultaneously using the F-test and partially using the t-test at a significance level of $\alpha = 0.05$ (Ghozali, 2016; Amjad et al., 2021).

In addition, Pearson correlation analysis was applied to assess the strength of relationships among variables and to calculate the coefficient of determination (R^2), which indicates the extent to which variations in Employee Performance can be explained by Compensation and Rewards (Sugiyono, 2020; Ghozali, 2016). Through this quantitative approach, the study provides statistical descriptions, establishes a robust empirical foundation, and generates data-driven recommendations that can be utilized by PT Trimega Pasivic Indonesia to enhance the effectiveness of human resource management practices (Haque & Ntim, 2020).

Result and Discussion

Table 1. Descriptive Statistics of the Study

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	35	20	30	25.57	2.953
X2	35	46	58	52.46	3.608
Y	35	35	43	39.57	2.489
Valid N (listwise)	35				

Table 1. presents the descriptive statistics of the Compensation (X1), Reward (X2), and Employee Performance (Y) variables based on 35 valid respondents. The Compensation variable shows a mean value of 25.57, with scores ranging from 20 to 30 and a standard deviation of 2.953, indicating a moderate level of variability in respondents' perceptions. The Reward variable records the highest mean score of 52.46 with a standard deviation of 3.608, suggesting relatively consistent perceptions regarding the company's reward system. Meanwhile, Employee Performance has a mean value of 39.57 and a standard deviation of 2.489, reflecting a relatively high and homogeneous level of performance among respondents.

Figure 1. illustrates the results of the normality test of the regression standardized residuals using both the Normal P–P Plot and the histogram. The Normal P–P Plot shows that the observed cumulative probabilities closely follow the expected cumulative probabilities along the diagonal line, indicating that the residuals are normally distributed. Minor deviations from the diagonal are observed; however, these deviations are not systematic and remain within acceptable limits for regression analysis. In addition, the histogram of standardized residuals demonstrates a bell-shaped distribution that is approximately symmetrical around the mean value, with no indication of extreme skewness or kurtosis. The mean of the standardized residuals is close to zero, and the standard deviation is near one, further supporting the assumption of normality. Based on these graphical diagnostics, it can be concluded that the normality assumption required for multiple linear regression analysis is satisfactorily met, thereby confirming the suitability of the data for subsequent inferential statistical testing.

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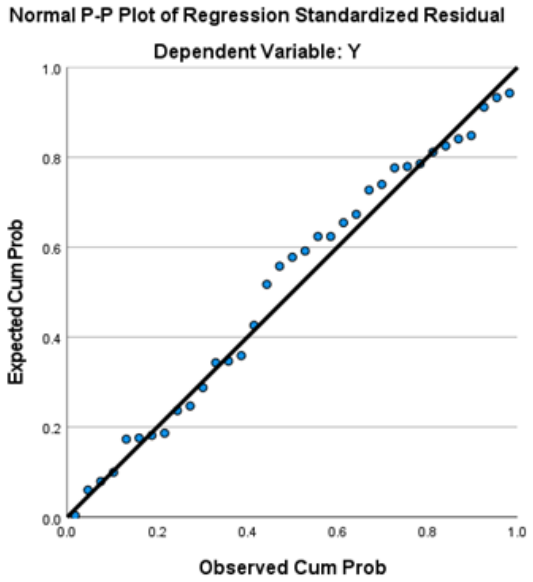

Figure 1. Normality Test Plot

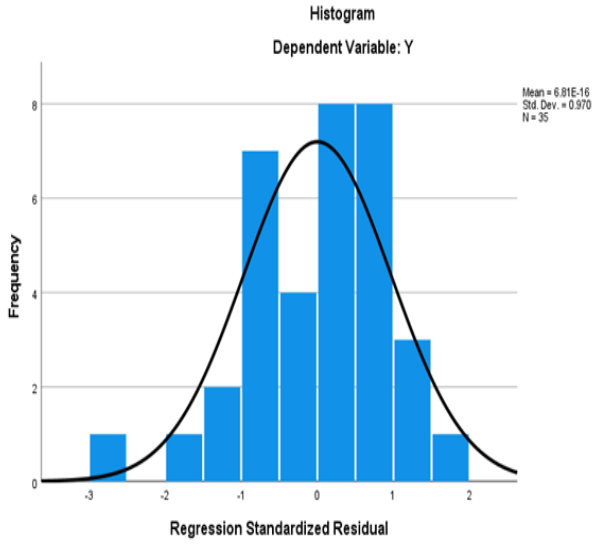

Figure 2. Normality Test Histogram

Figure 2 presents the results of the multicollinearity test using tolerance values, Variance Inflation Factor (VIF), and a scatterplot of standardized residuals. The tolerance values for Compensation (X1) and Reward (X2) are both 0.997, while the corresponding VIF values are 1.003, indicating the absence of multicollinearity among the independent variables. The scatterplot shows a random distribution of residuals, further confirming that the regression model is free from multicollinearity issues and suitable for further analysis.

Table 2. Results of the Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	.997	1.003
	X2	.997	1.003

Dependent Variable: Y

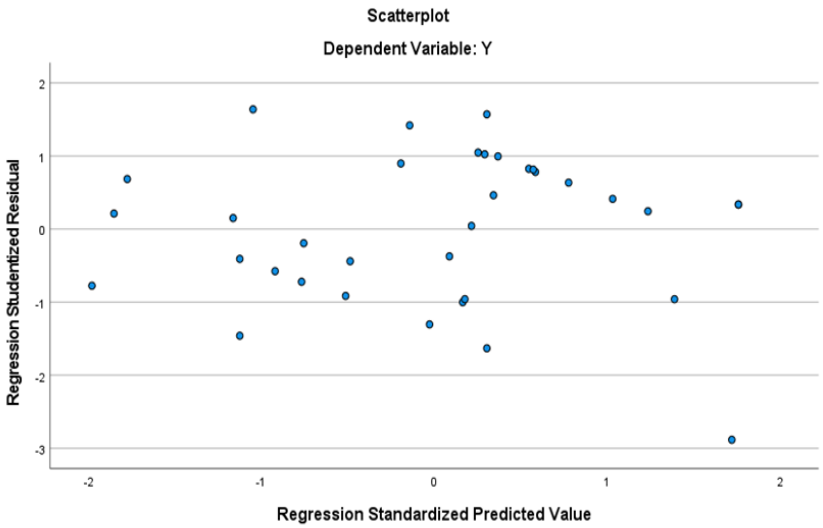

Figure 3. Multicollinearity Test

Tabel 3. Hasil Uji Autokorelasi

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.641[a]	.411	.375	1.968	1.995

a. Predictors: (Constant), X2, X1
b. Dependent Variable: Y

Table 4. Results of the Linearity Test

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y * X1	Between Groups	(Combined)	73.555	9	8.173	1.491	.205
		Linearity	39.747	1	39.747	7.252	.012
		Deviation from Linearity	33.808	8	4.226	.771	.631
	Within Groups		137.017	25	5.481		
	Total		210.571	34			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y * X2	Between Groups	(Combined)	104.071	11	9.461	2.043	.072
		Linearity	42.310	1	42.310	9.137	.006
		Deviation from Linearity	61.762	10	6.176	1.334	.271
	Within Groups		106.500	23	4.630		
	Total		210.571	34			

Table 5. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.577	5.860		2.146	.040		
	X1	.387	.114	.459	3.383	.002	.997	1.003
	X2	.326	.094	.473	3.479	.001	.997	1.003

a. Dependent Variable: Y

Table 6. Results of Simultaneous Hypothesis Testing (F-Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.631	2	43.316	11.184	.000[b]
	Residual	123.940	32	3.873		
	Total	210.571	34			

a. Dependent Variable: Y
b. Predictors: (Constant), X2, X1

Overall, the results of the multiple regression estimation using SPSS version 27 are presented in Table 5 and can be expressed by the following equation:

$$Y = 12{,}577 + 0{,}387X1 + 0{,}326X2$$

where:
Y = Employee Performance
X_1 = Compensation
X_2 = Reward

Based on the multiple linear regression equation above, the results can be interpreted as follows. The R value (correlation coefficient) of 0.641 indicates a strong relationship between Compensation (X_1) and Reward (X_2) and Employee Performance (Y). To further determine the strength of the relationship between Compensation and Reward and Employee Performance, Table 7 is used, as presented below.

Table 7. Guidelines for Interpreting the Correlation Coefficient

Inteval Koefisien	Level of Relationship
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Moderate
0,60 – 0,799	Kuat
0,80 – 1,000	Sangat Kuat

Based on Table 7 presented above, the correlation coefficient value of 0.641 falls within the strong category. Therefore, it can be concluded that there is a strong relationship between Compensation and Rewards and Employee Performance in the company. The regression coefficients indicate that the effect of Compensation (X_1) on Employee Performance (Y) is 0.387, while the effect of Rewards (X_2) is 0.326. Both coefficients are positive, implying that increases in compensation and rewards are associated with improvements in employee performance. The coefficient of determination (R^2) of 0.411 indicates that 41.1% of the variance in Employee Performance (Y) can be explained by Compensation (X_1) and Rewards (X_2). The remaining 58.9% is explained by other factors outside the scope of this model. The calculated F-value of 11.184 with a significance level of < 0.001 (less than 0.05) indicates that the regression model incorporating Compensation and Rewards simultaneously has a statistically significant effect on Employee Performance.

The partial hypothesis testing (t-test) results show that Compensation (X_1) has a calculated t-value of 3.383 with a significance level of 0.002, while Rewards (X_2) has a calculated t-value of 3.479 with a significance level of 0.001. Since the significance values for both variables are below 0.05, it can be concluded that Compensation and Rewards each have a positive and significant effect on Employee Performance. The Standard Error of the Estimate (SEE) value of 1.968 indicates a relatively low level of prediction error, suggesting that the regression model is sufficiently accurate in predicting employee performance based on compensation and reward variables.

In summary, both Compensation and Rewards, whether examined jointly or individually, have a significant effect on employee performance at PT Trimega Pasivic Indonesia. The relationship established is strong, and the regression model demonstrates good predictive capability. Based on the results of the multiple linear regression analysis conducted to examine the effects of Compensation and Rewards on Employee Performance, both simultaneously and partially, the findings indicate positive and significant effects (hypotheses accepted). The discussion of the empirical findings regarding the influence of Compensation and Rewards on Employee Performance is elaborated as follows.

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1. The Effect of Compensation and Rewards on Employee Performance at PT Trimega Pasivic Indonesia

Based on the results of the simultaneous hypothesis testing using the F-test, the calculated F-value is 11.184 with a significance level of < 0.001, which is well below the threshold of 0.05. This finding indicates that Compensation (X_1) and Rewards (X_2), when considered jointly or simultaneously, have a positive and statistically significant effect on Employee Performance (Y) at PT Trimega Pasivic Indonesia. Accordingly, the alternative hypothesis (H_a) is accepted, while the null hypothesis (H_0) is rejected. These findings are consistent with prior empirical studies demonstrating that compensation and reward systems exert a significant simultaneous influence on employee performance. For instance, Binol et al. (2025) reported that compensation and work motivation jointly had a positive effect on employee performance, as evidenced by a calculated F-value (114.205) that substantially exceeded the critical F-value (2.477). Similarly, Irawan (2025) found that rewards, job stress, and training simultaneously had a significant effect on employee performance, indicated by an F-value of 483.031 > 2.70 and a significance level of 0.000 < 0.05 (Teicher et al., 2016).

Moreover, Lestari (2025) concluded that rewards and punishment simultaneously had a significant effect on employee performance, with a calculated F-value of 33.509 > 2.76 and a p-value of 0.000 < 0.05, contributing 52.4% to performance variation. Comparable results were also reported by Ramadhan et al. (2024), who found that rewards and punishment exerted a simultaneous effect on employee performance, with a coefficient of determination of 87.6% (Saeed et al., 2019). Overall, these results provide strong empirical evidence that the integration of compensation policies and reward systems implemented by organizations can effectively enhance overall employee performance. Companies that allocate balanced attention to both financial compensation and non-financial rewards tend to be more successful in motivating employees and sustaining high levels of productivity (Nazir et al., 2016).

2. The Effect of Compensation on Employee Performance at PT Trimega Pasivic Indonesia

Based on the results of the multiple linear regression analysis, the Compensation variable (X_1) demonstrates a statistically significant effect on Employee Performance (Y). The regression coefficient is 0.387, with a calculated t-value of 3.383 and a significance level of 0.002, which is well below the threshold of 0.05. These results indicate that compensation has a positive and significant influence on employee performance. This finding is consistent with the study by Syuchriah and Suwandi (2025), which revealed that compensation directly contributes to increased motivation and performance, although other factors such as job satisfaction and the work environment also play an important role. Similarly, Muqtafin et al. (2024) reported a significant correlation between compensation and employee performance at KSP Sukses Mandiri, reinforcing the notion that adequate compensation is a key determinant in enhancing work productivity (Groen et al., 2017). However, not all empirical studies report identical results. Arifin et al. (2023) and Hiondardjo and Utami (2019) found that compensation had a positive but statistically insignificant effect on employee performance, suggesting that compensation alone may be insufficient without the support of other factors such as motivation and competence (Shah & Soomro, 2023). Overall, these findings indicate that compensation exerts a positive and significant individual effect on employee performance. Higher levels of compensation, whether in the form of salaries, allowances, or work-related facilities, tend to increase employees' motivation to demonstrate better work performance. This result supports the theoretical perspective that compensation functions not only as a reward

mechanism but also as a motivational instrument that encourages the achievement of optimal performance.

3. The Effect of Rewards on Employee Performance at PT Trimega Pasivic Indonesia

The results of the multiple linear regression analysis indicate that the Reward variable (X_2) has a positive and significant effect on Employee Performance (Y). The estimated regression coefficient is 0.326, with a calculated t-value of 3.479 and a significance level of 0.001, which is below the 0.05 significance threshold. This finding confirms that rewards make a meaningful contribution to enhancing employee performance at PT Trimega Pasivic Indonesia. These results are in line with the study by Trihudiyatmanto (2023), which concluded that well-designed reward systems are effective in improving work performance. Similarly, Raduyew and Nugraheni (2025) demonstrated that rewards have a positive effect of 0.280 on employee performance, with a significance value of 0.031 (< 0.05), indicating a direct impact of rewards on work outcomes. In contrast, Syafiq (2021) reported a negative effect of rewards on performance, suggesting that poorly targeted or perceived unfair reward systems may generate jealousy among employees and reduce work motivation (Widmer et al., 2017). The findings of this study suggest that the more effective the reward system implemented by the company, the higher the level of individual employee performance. Rewards may take various forms, including recognition of achievements, performance-based bonuses, certificates of appreciation, and job promotions. Employees who feel recognized and valued for their contributions are more likely to remain motivated to maintain and even improve their performance. Therefore, PT Trimega Pasivic Indonesia is advised to sustain and further develop its reward system as a long-term strategic approach to enhancing employee performance (Aboramadan et al., 2020).

Conclusion

Compensation and rewards have a significant effect on employee performance at PT Trimega Pasivic Indonesia. The results of the F-test show a significance value of less than 0.05 (sig. < 0.001), indicating that both independent variables simultaneously make a substantial contribution to explaining variations in employee performance. Accordingly, the hypothesis stating that compensation and rewards jointly have a significant effect on performance is accepted. This finding demonstrates that the combination of financial and non-financial organizational policies plays a critical role in supporting human resource productivity. Compensation has a positive and statistically significant effect on employee performance. The results of the t-test indicate that higher levels of compensation whether in the form of salaries, allowances, or work-related facilities are associated with higher levels of employee performance. The regression coefficient of 0.387 with a significance value of 0.002 confirms that compensation serves a strategic function in enhancing work motivation and productivity. This underscores the importance of implementing a fair and well-targeted compensation system within human resource management. Rewards also exert a positive and significant partial effect on employee performance. The t-test results show a significance value of 0.001 and a regression coefficient of 0.326, indicating that the provision of rewards in the form of recognition, appreciation, or performance-based incentives has a meaningful impact on improving work outcomes. Therefore, organizations are encouraged to maintain and further develop effective reward systems to ensure that employees feel valued and are motivated to continuously contribute optimally to organizational success.

Recommendation

Based on the findings of this study, PT. Trimega Pasivic Indonesia is recommended to continuously evaluate and improve its compensation and reward systems to ensure fairness, transparency, and alignment with employee contributions. Management should consider developing a more structured and performance-based compensation scheme, complemented by a transparent reward mechanism that recognizes both individual and team achievements. In addition, non-financial rewards such as career development opportunities, training programs, and recognition initiatives should be strengthened to enhance employee motivation and long-term commitment. Future studies are encouraged to incorporate additional variables, such as job satisfaction, organizational commitment, or work motivation, and to employ longitudinal designs to better capture the dynamic effects of compensation and reward on employee performance.

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