

COMPENSATION AND REWARDS ON JOB SATISFACTION OF GENERATION Z EMPLOYEES IN BEKASI



Sudaryanto¹

Paramadina University, Cikarang, Indonesia

sudaryanto@student.paramadina.ac.id

Epul Saepul²

Paramadina University, Cikarang, Indonesia

epul.saepul@students.paramadina.ac.id

Adrian Azhar Wijanarko³

Paramadina University, Cikarang, Indonesia

adrian.wijanarko@paramadina.ac.id

Abstract

The role of human resources is crucial in the operation of a company. Therefore, companies must enhance employee productivity by providing compensation and rewards for the work they have done. It is expected that if these two points are fulfilled, employee job satisfaction will be achieved. Conversely, if companies neglect these aspects, potential problems may arise within the organization. Our objective is to determine whether compensation and rewards have an impact on job satisfaction among Generation Z employees in Bekasi. This study employs a quantitative method with an explanatory approach. The explanatory approach is chosen to explain how job satisfaction programs can influence organizational sustainability. The data collection technique uses Probability Sampling. The data collection instrument is a questionnaire that serves as the source of primary data, involving 134 respondents in this study. The research data is analyzed using statistical techniques with linear regression to test the effect of variables. This study employs SPSS 29.0 as the statistical testing tool with a total of 20 questionnaire items. The results of this study indicate that the compensation variable (X1) has a direct effect of 0.276 or 27.6% on employee job satisfaction (Y). Meanwhile, the rewards variable (X2) has a direct effect of 0.481 or 48.1% on employee job satisfaction (Y), showing that rewards have a more dominant influence compared to compensation in affecting job satisfaction. The compensation variable (X1) with Sig. = 0.005 on employee job satisfaction (Y) is less than 0.05, which means that the influence of compensation on job satisfaction is statistically significant. Similarly, the rewards variable (X2) with Sig. < 0.001 on employee job satisfaction (Y) is also less than 0.05, indicating that the influence of rewards on job satisfaction

is statistically significant. The conclusion from the above explanation is that both compensation (X1) and rewards (X2) have a significant impact on job satisfaction (Y). Rewards have a greater influence (48.1%) compared to compensation (27.6%). There is no multicollinearity issue between the independent variables, making the regression results valid.

Keywords: Compensation, Rewards, Job Satisfaction, Generation Z

INTRODUCTION

In this challenging business era, retaining high-performing and dedicated employees has become a key focus for organizations looking to achieve long-term success. The sustainability of a company depends not only on its ability to recruit the best talent, but also on its efforts to maintain and develop its human resources. Therefore, providing compensation and rewards is a support to job satisfaction for employees. This is a strategy for companies to ensure organizational stability and growth.

Lately, there are many workers who often leave the company for reasons of dissatisfaction with current working conditions. It cannot be denied that the current generation is a generation of workers who are very thirsty for compensation and appreciation in their work. (Sutrisno et al., 2022) Factors that affect employee performance are compensation, motivation and job satisfaction. It is inevitable that today is the era of generation Z which will take over in the world of work. Understanding the characteristics of Generation Z is very important, considering that the generation born between 1997 and 2012 will be the leaders of the future.

In 2024, Generation Z is generally between 12 to 27 years old and is engaged in a wide range of activities, from education to entering the workforce. In the work context, having a deep understanding of Generation Z's preferences and experiences is crucial for organizations. It aims to attract and retain talented and committed employees from this generation. Generation Z brings unique expectations, values and preferences, which influence their interactions at work and guide their career aspirations.

GoodStats (2024) According to a Jakpat survey conducted between February 9 and 12, 2024, out of a total of 295 working respondents, 69% revealed plans to resign from their jobs, with details of 8% will resign after getting THR, 8% will resign in the next 1 year, 10% will resign in the next 6 months, and 34% will resign in an undetermined time.

Several previous studies in Indonesia reveal the behavior of generation Z in work. Research conducted by Sali (2023) who distributed questionnaires to 359 respondents aged 18-25 years revealed that the 3 biggest factors for generation Z in finding a workplace are stability, extrinsic rewards, and intrinsic rewards. (Waworuntu et al., 2022) also conducted research on generation Z in Indonesia through a literature review covering both English and

Indonesian materials. According to the findings of the study, generation Z places a higher priority on a supportive work environment and work-life balance.

One of the elements in maintaining employee welfare and motivating them to work effectively is compensation. It is important in human resource management that it plays a role in maintaining the welfare of employees and motivating them to work effectively. Salary or wages, is not the only compensation that employees expect, but such as bonuses, incentives, allowances, and non-material rewards that can be other compensation for employees that can motivate employee performance. (Puspitawati & Atmaja, 2020a) state that there are 2 types of compensation, namely financial compensation and non-financial compensation. Financial compensation is compensation that can be calculated or valued based on currency, while non-financial compensation is in the form of rewards given to individuals such as awards in the form of promotions, relationships with superiors and relationships with fellow coworkers and the work environment. Through an effective compensation system, organizations are expected to attract, retain, and motivate employees to achieve optimal performance. The importance of compensation lies in its role in shaping employee work behavior and as a strategic tool for organizations to achieve their business goals.

Various expert opinions show that competitive and fair compensation can increase job satisfaction, employee engagement, and productivity. In addition, one of the things that underlies satisfaction at work is employees' positive feelings towards their work. Conversely, employees' attitude towards their work will be negative if they feel dissatisfied at work. Every employee will feel positive thoughts and feelings if every basic need of the employee is met, in addition to the basic needs of employees there is additional motivation for employees in doing their work, one of which is compensation. (Dwi Nugroho & Kunartinah, 2012) One of the best ways to increase employee job satisfaction is to link compensation with employee satisfaction. If the compensation program is perceived as fair and competitive for employees, then the organization will find it easier to attract potential employees, retain them and motivate employees to further improve their performance so that productivity increases and organizational performance will also increase.

Recent research has also begun to highlight the importance of incorporating employee well-being factors in compensation systems, which include work-life balance, career development, and opportunities for non-material recognition. By adopting this holistic approach, organizations can expect to not only provide competitive rewards but also create a work environment that supports sustained productivity and employee satisfaction.

In line with the results of research (Waworuntu et al., 2022) compensation has a positive and significant effect on job satisfaction, which means that employees will feel higher job satisfaction if they get the appropriate compensation.

Awards are rewards, gifts that aim to make employees happy, enterprising, enthusiastic, and more diligent in working in the company. Awards are also defined as a form of appreciation for employees offered by the company in return for employee contributions. (Minarsih, 2009) The provision of awards from management is very instrumental in increasing employee job satisfaction, because basically employees also have a desire to get recognition for their work. Given that the role of human resources is very important in the running of a company, the company must increase employee job satisfaction, which will also have a positive impact on increasing productivity in an organization. By giving awards or incentive wages for what has been done. (Siagian et al., 2019) state that a reward system directed at meeting individual needs can support increased organizational effectiveness. The approach of increasing satisfaction can help build work motivation, a more effective work system that ensures an award has an important value in carrying out tasks effectively.

Awarding can be implemented if an employee has worked on targets exceeding the capacity determined by the company. With this award, employees are expected to increase work productivity, as well as the desire to be superior in doing work. The award is based on the principle of justice in its provision, this award can also be in the form of incentives, bonuses, certificates, promotions, and others. In giving this award, it fosters a sense of wanting to be superior for employees and being able to compete to provide benefits for themselves and for the company. With some of the explanations above, appreciation is one of the things that greatly affects employee satisfaction in their work.

Generation Z, born between 1997 and 2012, is beginning to play an important role in the modern workplace. With unique characteristics that differ from previous generations, this

generation brings new expectations and values that are changing the dynamics of organizations. Having grown up in the digital age with unlimited access to information, they have an advantage in technological skills and adaptability. In the context of work, generation Z is known for their need for flexibility, recognition of contributions, and competitive compensation. (A. A. Wijanarko, 2024) Generation Z is a generation born and raised in an era of technological advancement, the ease of access to the internet, mobile devices, and social media has an impact on the way Generation Z thinks and behaves.

Job satisfaction is an important factor that affects employee performance and productivity in a company. Job satisfaction not only impacts employee well-being but also affects their retention and loyalty to the company. In this modern era, attention to job satisfaction has become increasingly complex with the presence of a new generation in the world of work, namely Generation Z. This generation is known for its different characteristics from previous generations, such as orientation to the workplace, and the importance of workplace productivity. This generation is known for different characteristics from previous generations, such as an orientation to technology, a desire for flexibility, and a need for rapid appreciation.

Compensation and rewards are two important elements that are believed to play a major role in creating job satisfaction for employees, especially for Generation Z who work in a dynamic industrial environment such as Bekasi. Compensation, both in the form of salary and benefits, is one of the main factors considered by employees in assessing their well-being. On the other hand, appreciation from the company, both formally and informally, plays an important role in maintaining employee morale and loyalty.

This study aims to analyze the effect of compensation and rewards on job satisfaction of Generation Z employees in the Bekasi industrial area. By understanding the factors that influence job satisfaction, companies are expected to design more effective human resource management strategies in improving employee performance while creating a work environment that supports their growth and well-being.

This study was also conducted to continue the previous research journal conducted by Arun, Anggarwal, et al. Rev: 16, September 2020 DOI: 10.1002/pa.2535 entitled Gen Z

entering the workforce: Restructuring HR policies and practices for fostering the task performance and organizational commitment.

There are several hypotheses that we can draw from the series of explanations above,

H1: Compensation provided by the company has a positive and significant effect on job satisfaction of Generation Z employees.

Compensation is one of the main factors that affect employee job satisfaction. According to (Gunawan & Onsardi, 2020), fair and competitive compensation can increase job satisfaction and build employee loyalty. In addition, research by (Puspitawati & Atmaja, 2020b) shows that financial compensation, such as salary and benefits, plays an important role in increasing job satisfaction. For Generation Z, adequate compensation can provide financial security and encourage them to contribute optimally, leading to higher job satisfaction.

H2: The rewards received by employees are positively related to job satisfaction of Generation Z employees, where higher rewards will increase job satisfaction.

Rewards, both financial and non-financial, are important elements that can increase employee job satisfaction. (Pitasari & Perdhana, 2018), stated that the rewards provided by the company increase employee motivation and job satisfaction. In addition, research by (Siri, 2024), shows that employees who feel appreciated are more motivated to achieve. Generation Z highly values appreciation in the form of awards, as this shows recognition for their contributions in the workplace. From the hypothesis above, we can conclude that compensation and rewards have a very big influence on the achievement of job satisfaction of Generation Z employees.

REVIEW OF LITERATURE

Job satisfaction is one of the main indicators of an organization's success in managing its human resources. In the modern era, attention to the job satisfaction of Generation Z employees has become an important issue, especially since this generation exhibits unique characteristics compared to previous generations. Generation Z, born between 1997 and 2012, is known for its strong preference for flexibility, rewards, and fair compensation. In

this case, the organization's approach to compensation and rewards largely determines their level of job satisfaction.

According to (Puspitawati & Atmaja, 2020b), Generation Z is more likely to choose organizations that not only offer competitive salaries but also provide opportunities for growth, a supportive work environment, and work-life balance. They do not only look for work as a means to meet financial needs, but also see work as a medium to gain recognition, appreciation, and self-actualization. In this view, Generation Z's job satisfaction is strongly linked to how well the organization understands and meets their unique needs. Companies should consider implementing working time flexibility, utilization of unpaid leave, and work-from-home systems. These strategies support the implementation of work-life balance and shape the job satisfaction of millennials and generation Z employees, which can improve employee performance. These strategies can be supported by an evaluation and feedback system from superiors (Waworontu et al. 2022).

In the context of compensation, research by Puspitawati and Atmaja (2020) shows that compensation has a positive and significant effect on job satisfaction, which means that employees will feel higher job satisfaction if they get the appropriate compensation. Therefore, a competitive and transparent compensation system plays a major role in creating a sense of justice and employee job satisfaction. Compensation includes not only basic salary but also allowances, bonuses, and other incentives. Furthermore, non-financial compensation, such as work flexibility, social recognition, or career development opportunities, has an equally important impact in motivating Generation Z to remain loyal to the organization. Indicators to measure compensation have been well managed by the company, so that when they feel that the compensation received is in accordance with their work, the higher their satisfaction with their work (Rozzaid et al., 2015).

In addition to compensation, rewards are also a key element in creating job satisfaction for generation Z. (Muqoyyarah, 2018) states that rewards are one of the important factors to determine job satisfaction, Companies need to pay special attention to employee job satisfaction by giving awards. The form of appreciation itself both in financial forms such as bonuses and prizes, as well as non-financial such as promotions or verbal recognition, can significantly increase work motivation. Generation Z has a tendency to appreciate rewards

that are personalized and specific to their contributions. This is in line with the findings of (A. Wijanarko & Purwanto, 2018) who emphasized that rewards for generation Z can take various forms. Starting from salaries, bonuses, allowances, and others, the rewards sought by generation Z can also be associated with validation of the work they do.

Furthermore, (Zaky, 2020) identified that the main factors influencing Generation Z job satisfaction in Indonesia include job stability, extrinsic rewards, and a supportive work environment. Organizations that understand these preferences can create more effective strategies to attract, retain, and motivate young talent from this generation. For example, rewards in the form of training opportunities or long-term career development can be one of the non-financial incentives highly valued by generation Z.

In addition, Generation Z also has high expectations for an inclusive and supportive work environment. According to (Zaky, 2022), they tend to feel more satisfied working in organizations that pay attention to work-life balance and reward their initiative. Therefore, companies that are able to create a collaborative work environment and value individual contributions have a greater chance of increasing this generation's job satisfaction.

Thus, the combination of compensation and rewards that suit the needs of Generation Z is the key to organizational success in creating optimal job satisfaction. Competitive compensation provides financial security, while rewards increase motivation and a sense of being valued. In the long run, this approach will not only help organizations retain top talent, but also increase productivity and organizational sustainability.

RESEARCH METHOD

A method is a way of working that can be used to obtain something. Meanwhile, the research method can be interpreted as a procedure for working in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen et al., 2020). This research is causal research because it aims to analyze and explain the relationship between two variables and is causal if one of the variables affects or is affected. This research uses quantitative methods. Quantitative research is a scientific research method that is systematic, planned, has a clearer structure from the beginning to the end of the research and is not affected by the conditions that exist at the scene (Ahyar et al., 2020). The purpose of this

quantitative research is to use a hypothesis model related to existing phenomena. There are two variables of this study, namely: Compensation and rewards as variable X, and satisfaction as variable Y.

The acquisition of data sources was obtained empirically by distributing questionnaires using Google forms online. The questionnaire used as a parameter in this study uses a 5-point Likert scale. In this study, the research sample will be respondents who are working and domiciled in the Bekasi area. The population needed in this study is all people who live in the Bekasi area who are working. The questionnaire consists of 20 questions with 3 questions about personal data, 10 questions on the compensation variable, 3 questions on the reward variable, and 4 questions on the employee job satisfaction variable. The effective sample size consists of 134 respondents whose questionnaires have been filled out and used for analysis. Data analysis techniques used in this research are descriptive analysis, validity test, reliability test, and hypothesis testing including simple linear regression, T test with SPSS.

RESULTS AND DISCUSSION

The t-test is used to test for differences in the relationship between the independent variables, namely compensation and rewards (X), with the dependent variable, namely job satisfaction (Y). If $T \text{ count} > T \text{ table}$, it can be concluded that partially the independent variable has a significant effect on the dependent variable.

Table 1.
Description Table

	Mean	Std. Deviation	N
Job Satisfaction	15.3654	2.40573	104
Compensation	16.1346	2.68421	104
Rewards	23.1346	4.10554	104

Based on the descriptive table in Table 1, it is found that job satisfaction has an average of 15.36 and a standard deviation of 2.40, for compensation it has an average of 16.13 and a standard deviation of 2.68, while for rewards it has an average of 23.13 with a standard deviation of 4.10. With this descriptive data, it can be seen that this data has a

measurable variation with a distribution that tends to be homogeneous, indicating that the results of further statistical tests can be applied.

Table 2.
Validity Test Result

Variable	Statements	R count	R table	Status
Y	Y1.1	0,475973	0,1946	VALID
	Y1.2	0,516376	0,1946	VALID
	Y1.3	0,418814	0,1946	VALID
	Y1.4	0,476498	0,1946	VALID
X	X1.1	0,868218	0,1946	VALID
	X1.2	0,866936	0,1946	VALID
	X1.3	0,842173	0,1946	VALID
	X1.4	0,773246	0,1946	VALID
	X2.1	0,608999	0,1946	VALID
	X2.2	0,608364	0,1946	VALID
	X2.3	0,526313	0,1946	VALID
	X2.4	0,377034	0,1946	VALID
	X2.5	0,553843	0,1946	VALID
	X2.6	0,534091	0,1946	VALID

The validity test results in Table 2 show that all statements in variables Y and X have an R count value greater than the R table (0.1946), so all statement items are declared valid.

Table 3.
Reliability Test Result

Cronbach Alpha	Description
0.774	Reliable

The reliability test results in the table 3 show that the Cronbach's Alpha value is 0.774, which is above the minimum limit of 0.7, so this research instrument is declared reliable. This means that all items in the questionnaire have good internal consistency and can be relied upon to measure the variables under study. With high enough reliability, this instrument can be used consistently in research without significant variability in measurement results.

Table 4.
Correlations Table

		KEPUASAN KERJA	KOMPENSASI	PENGHARGAA N
Pearson Correlation	KEPUASAN KERJA	1.000	.601	.667
	KOMPENSASI	.601	1.000	.677
	PENGHARGAAN	.667	.677	1.000
Sig. (1-tailed)	KEPUASAN KERJA	.	<.001	<.001
	KOMPENSASI	.000	.	.000
	PENGHARGAAN	.000	.000	.
N	KEPUASAN KERJA	104	104	104
	KOMPENSASI	104	104	104
	PENGHARGAAN	104	104	104

From the correlation test results in table 4, it can be seen that the relationship between variables, focusing on the level of relationship (pearson correlation) and significance (p-value) shows that job satisfaction has a relationship with compensation with a correlation of $r = 0.601$, $p < 0.001$ moderate positive relationship, indicating that the better the compensation, the higher the job satisfaction. This shows that H1: Compensation provided by the company has a positive effect on the job satisfaction of Generation Z employees. In addition, job satisfaction also has a relationship with appreciation with a correlation of $r = 0.667$, $p < 0.001$ strong positive relationship, indicating that appreciation contributes more to job satisfaction than compensation, this is relevant to statement H2: Rewards received by employees are positively related to job satisfaction.

Table 5.
Anova Table

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	290.091	2	145.045	47.871	<.001 ^b
	Residual	306.024	101	3.030		
	Total	596.115	103			

a. Dependent Variable: KEPUASAN KERJA

b. Predictors: (Constant), PENGHARGAAN, KOMPENSASI

In addition, based on the Anova table in table 5, it is used to test the significance of the overall regression model with the result that $F = 47.87$, $p < 0.001$, indicating that the regression model is statistically significant, Compensation and Rewards together significantly affect job satisfaction.

With the data described above through, descriptive tables, correlation analysis, and ANOVA can provide an overview that Compensation and Rewards have a significant effect on Job Satisfaction, from the above results can support the results that can be tested with further T-Tests if needed.

CONCLUSION

This study provides significant insight into the influence of compensation and rewards on job satisfaction of Generation Z employees in Bekasi. Based on the results of the analysis, compensation has a positive influence of 27.6% on job satisfaction, while rewards show a greater influence, which is 48.1%. This indicates that while compensation remains an important element in creating job satisfaction, rewards have a more dominant role in increasing employees' motivation and sense of attachment to the organization.

Compensation provided by companies includes not only financial aspects such as salaries and bonuses, but also non-financial aspects, such as work flexibility and social benefits. Meanwhile, rewards, both formal such as promotions and informal such as verbal recognition, are proven to build employees' sense of pride and emotional engagement with their work.

The research also confirms that Generation Z employees have unique needs compared to previous generations. This generation not only pursues financial stability, but also desires appreciation for their contributions and a work environment that supports work-life balance. By understanding these needs, companies can design more effective and individual needs-oriented human resource management strategies.

Overall, this study highlights the importance of a holistic approach to human resource management. By integrating competitive compensation policies and fair reward systems, companies can create a work environment that not only supports productivity, but also increases job satisfaction and employee loyalty. The findings can serve as a guide for companies in dealing with the dynamics of the modern world of work, particularly in attracting and retaining talent from Generation Z.

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