



RESEARCH ARTICLE

The Effect of Compensation, Knowledge Management, and Benefits on Employee Performance

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Abstract

This study aimed to investigate the impact of compensation, knowledge management, benefits, and motivation on employee performance at BSI KC Pandanaran Semarang. The study targeted employees of BSI KC Pandanaran Semarang, with a total of 108 respondents participating in the research. A causal research design was employed, utilizing SPSS 26 software for instrument testing and descriptive analysis to assess the data. The results revealed that compensation, knowledge management, benefits, and motivation each have a significant influence on employee performance at BSI KC Pandanaran Semarang. These findings suggest that a well-structured compensation system, efficient knowledge management practices, attractive benefits, and high levels of motivation can enhance employee performance. The research provides valuable insights for management to design policies that foster a conducive environment for improving employee performance, ultimately benefiting the organization. Based on the outcomes, it is recommended that the company continuously review and improve these factors to sustain and enhance employee productivity and job satisfaction.

Keywords

Compensation, Knowledge Management, Benefits, Motivation, Employee Performance.

1 | INTRODUCTION

Performance is more easily understood from an organizational perspective as the output achieved by a company (organization). The functional groups of a company and the work results generated by current work units serve as the foundation of performance study, which mainly focuses on work results that are linked to the achievement of organizational goals. Theoretically, various factors influence how well employee performance is (Subiyanti & Trisnadi, 2022). These elements can come from the company, the workers themselves, or external sources that affect both the company and the workers, such as compensation, knowledge management, and benefits. The skills possessed by employees, both in theory and practice, are one of the aspects that directly affect performance. It is difficult to apply ideal conditions in human resource management (Ende *et al.*, 2023). Issues related to human resources are commonly encountered in practice. For example, recruiting quality workers can be a challenge, and incompetent workers will result in losses in terms of cost and productivity.

Such issues are also present at BSI KC Pandanaran Semarang. The banking industry is one of the key sectors contributing significantly to Indonesia's economic expansion. A type of economic entity that needs to generate money to remain operational is a bank. The banking industry performs three main functions (Tim Humas WANTIKNAS, 2020). These include accepting deposits, providing loans, and handling money transfers. Islamic banking is a type of financial organization that operates under Islamic law principles, specializing in financing and other services related to the circulation of money and payment traffic. Another issue is that when supported by their knowledge, staff performance will yield the best results. Every employee has a role in making their company better, as they are expected to continuously learn new things and not just rely on existing arrangements. The success and performance of a company are reflected in the work done by its employees. As a result, companies expect their workers to perform their best because the success and overall performance of the business are influenced by the quality and quantity of work produced by employees (Ariyanti *et al.*, 2021).

BRI Syariah, Bank Syariah Mandiri, and BNI Syariah are three Islamic banks that have merged to form Bank Syariah Indonesia (BSI). Established on February 1, 2021, Bank Syariah Indonesia aims to improve the effectiveness of national Islamic banking. By combining their strengths, the three Islamic banks are expected to offer more comprehensive services, a larger client base, and stronger capital. The combination of these three Islamic banks will certainly affect how clients perceive the level of service provided by Bank Syariah Indonesia, both before and after the merger. Customers will definitely experience differences in the level and quantity of services. Branch office relocations, service facility modifications, and the harmonization of human resource organizational culture are all being carried out by Bank Syariah Indonesia.

The first factor that influences employee performance is compensation. Compensation is one of the key aspects of human resource management related to providing rewards to employees for their contributions to the organization. Offering fair and competitive compensation can enhance work motivation, job satisfaction, and employee performance in achieving organizational goals. Therefore, an effective compensation system becomes a strategic tool for organizations to attract, retain, and develop high-quality human resources (Dessler, 2020). Conceptually, compensation is defined as all forms of rewards received by employees in exchange for the work they have performed. Compensation is not only in the form of salaries or wages but also includes other forms of recognition, such as incentives, bonuses, allowances, and additional facilities provided by the organization (Mondy & Martocchio, 2016).

In practice, compensation is often differentiated into financial and non-financial compensation. Financial compensation includes salaries, wages, bonuses, and allowances, while non-financial compensation includes recognition, awards, a comfortable work environment, and career development opportunities (Armstrong & Taylor, 2020). Providing appropriate compensation can have a positive impact on employee behavior within the organization. According to motivation theory, compensation that aligns with employees' contributions can enhance work motivation and encourage employees to work more productively. On the other hand, an unfair compensation system can lead to job dissatisfaction and reduced employee performance (Robbins & Judge, 2017).

Therefore, organizations need to design compensation systems that consider both internal and external equity to create a harmonious working relationship between employees and the organization. Additionally, in an increasingly competitive global environment, organizations are required to have effective human resource management strategies, including compensation. A competitive compensation system can be a determining factor in increasing employee loyalty and commitment to the organization. Thus, effective compensation management not only serves as a reward tool but also as a strategy to improve overall organizational performance (Milkovich *et al.*, 2019). Based on the explanation above, it can be concluded that compensation plays a crucial role in supporting organizational success. Therefore, research on compensation is relevant to examine how a compensation system can be effectively designed to support the achievement of organizational goals. Compensation is often used as a strategic tool in human resource management to drive performance improvement (Dessler, 2020).

The second factor that influences employee performance is Knowledge Management by employees. Rouhi *et al.* (2019) believe that knowledge management is the process of organizing, planning, leading, and managing data and

information held by an organization, which is then combined with various ideas and analyses from reliable sources. By emphasizing knowledge, knowledge management can be seen as a holistic strategy to achieve organizational goals (Nusa & Dewi, 2022). Knowledge management is the process of planning, collecting, organizing, leading, and managing the data and information of an organization, which is then combined with other ideas and analyses from various reliable sources. Individual capability refers to a person's current talent to perform various job tasks (Harjo *et al.*, 2023). Knowledge management enables employees to gain access to relevant information, share work experiences, and develop competencies continuously. Another study by Darroch (2005) also shows that organizations with strong knowledge management capabilities tend to have higher performance levels compared to organizations that do not manage knowledge effectively.

The final factor influencing employee performance is benefits. Employee benefits are an important component of the compensation system provided by organizations to employees, in addition to the base salary. Benefits are given as a form of appreciation for employees' contributions, as well as an effort by the organization to improve employees' welfare, work motivation, and loyalty to the company (Dessler, 2020). In human resource management practice, employee benefits not only serve as additional income but also as a strategy for organizations to attract and retain quality workforce. Several empirical studies have shown that employee benefits have a positive influence on various aspects of employee work behavior. A study by Artz (2010) found that work benefits are positively related to employee job satisfaction.

This research aims to examine the impact of compensation, knowledge management, and benefits on employee performance. The study focuses on employees at BSI KC Pandanaran Semarang as the subjects. By exploring how these factors influence work outcomes, the research seeks to provide insights into how an effective compensation system, proper knowledge management practices, and competitive benefits can enhance employee performance. Understanding these relationships will help the organization develop strategies to improve employee motivation, satisfaction, and overall productivity, contributing to the achievement of organizational goals.

2 | BACKGROUND THEORY

2.1 Human Resource Management

The human resources of a company or organization are just as important as other components, such as its capital and assets. Therefore, one of the key tasks known as human resource management in business is to ensure that human resources are handled effectively to improve the organization's effectiveness and efficiency. To achieve goals for individuals, organizations, and society, human resource management is defined as the organization, planning, leadership, and control of the workforce, along with the development, payment of employees, integration, enforcement, and termination of labor relations (Pilot *et al.*, 2023). Human resource management is a discipline that governs the roles and relationships of the workforce to ensure they are effective and efficient, ultimately helping to achieve the goals of the company, employees, and society at large. From the various perspectives above, it can be concluded that human resource management plays a crucial role in utilizing people, from the planning process to the termination of employment relationships, as stated by Hasibuan (2014). According to Prawirosentono (2019), performance can be defined as the output of an employee, management procedures, or the organization as a whole. This output should be verifiable and quantifiable (compared with established standards). According to Saputra *et al.* (2021), employee performance is the outcome achieved by an employee when completing the tasks delegated to them; this activity is influenced by factors such as skills, experience, dedication, and time.

2.2 Compensation

Compensation is one of the key factors in improving employee performance within an organization. Fair and proportional compensation can enhance work motivation, loyalty, and productivity. When employees feel that the rewards they receive are proportional to their contributions, they tend to work more optimally to achieve the organization's goals. Based on various theoretical and empirical studies, it can be concluded that compensation plays an important role in improving employee performance. Therefore, organizations need to design a compensation system that is fair, competitive, and transparent to encourage employees to work at their best and contribute effectively to the organization. Theoretically, the relationship between compensation and performance can be explained through motivation theory, which states that rewards provided by the organization can drive individuals to increase their efforts and work performance. Adequate compensation not only improves job satisfaction but also directly impacts increased effectiveness and efficiency in employee work (Armstrong & Taylor, 2020). Thus, a good compensation system can create a productive and competitive work environment. Several previous studies have also shown that compensation positively affects employee performance. Research by Milkovich *et al.* (2019) states that a competitive compensation system can enhance motivation and encourage employees to achieve higher performance. Furthermore, the study by Putra & Ardana (2016) found that compensation has a positive and significant impact on employee performance because the rewards provided

can boost work enthusiasm and responsibility. Another study by Sutrisno (2017) also indicated that compensation aligned with employee contributions increases productivity and work quality within the organization.

H1: Compensation affects employee performance.

2.3 Knowledge Management

Knowledge management plays a crucial role in enhancing employee performance through the processes of creating, sharing, and utilizing knowledge within an organization. The process of knowledge sharing among employees can improve individual problem-solving abilities and accelerate the organization's learning process (Nonaka & Takeuchi, 1995). With an effective knowledge management system in place, organizations can optimize the intellectual potential of employees, resulting in overall performance improvement. Research by Lee & Choi (2003) found that knowledge management practices, such as knowledge creation, knowledge sharing, and knowledge application, can improve both organizational and individual performance. Their study emphasized that effective knowledge management practices can enhance organizational performance by increasing innovation capabilities and organizational learning. This research confirms that the processes of creating and sharing knowledge are crucial contributors to improving employee productivity. Furthermore, Darroch (2005) found that organizations that effectively manage knowledge have higher performance levels compared to organizations lacking strong knowledge management systems. The study shows that an organization's ability to identify, disseminate, and utilize knowledge is key to improving performance. Another study by Hislop (2013) indicated that knowledge sharing practices among employees can enhance work efficiency and decision-making quality within the organization. By fostering a knowledge-sharing culture, employees can access broader information and improve their work capabilities. Additionally, Andreeva & Kianto (2012) found that knowledge management has a positive relationship with organizational performance and employee productivity. Organizations with well-developed knowledge management systems tend to have higher innovation levels and more optimal performance.

H2: Knowledge management affects employee performance.

2.4 Benefits

Employee benefits are a part of the compensation system provided by organizations to employees in addition to their base salary, as a form of appreciation for their contributions to the company. These benefits can be monetary or in the form of facilities designed to enhance the well-being, work motivation, and loyalty of employees toward the organization. In human resource management practices, benefits serve as a key tool to attract, retain, and improve employee performance (Dessler, 2020). According to Simamora (2015), employee benefits are indirect compensation provided to employees in the form of welfare programs, protection, or facilities offered by the company. These benefits are usually given to help meet employees' needs beyond the basic requirements fulfilled by the base salary. With the provision of benefits, employees are expected to work more optimally as they feel valued and cared for by the organization. Meanwhile, Armstrong (2014) explains that employee benefits are part of the total rewards package, which includes various benefits such as health insurance, transportation allowances, meal allowances, family benefits, and retirement programs. The goal of providing these benefits is to improve job satisfaction and employee well-being, thus encouraging productivity and overall organizational performance. Employees who receive better benefits tend to have higher job satisfaction compared to those who receive limited benefits. Other research by Huselid (1995) shows that human resource management practices that include good compensation and benefit systems can significantly improve organizational performance. An effective benefits system can enhance employee commitment and reduce turnover rates within the organization. Therefore, it can be concluded that employee benefits are additional rewards provided by companies to employees, aside from base salaries, aimed at improving well-being, job satisfaction, and encouraging improved employee performance within the organization. Furthermore, research by Milkovich *et al.* (2017) emphasizes that benefits are a crucial part of compensation strategies that can enhance work motivation and employee well-being. Competitive benefits can also be a determining factor in attracting quality workforce in a competitive labor market. This shows that benefits not only affect employee well-being but also the sustainability and performance of the organization.

H3: Benefits affect employee performance.

3 | METHOD

The research adopts a quantitative approach as its methodology (Krisnan, 2021). The sample consists of 108 employees from BSI KC Pandanaran Semarang. Using a saturated sampling technique, all individuals in the population were included in the study, making the sample size 108 participants. Two data types are utilized: primary and secondary. Primary data is collected directly through a questionnaire, while secondary data comes from existing sources relevant to the study. The questionnaire uses a Likert scale ranging from "strongly disagree" to "strongly agree," with scores between 1 and 5 (Rahim, 2021). A Likert scale is chosen to assess participant responses in a structured way, capturing their opinions on different variables of the study (Jatmika, 2023). For data analysis, SPSS

version 26 is used. SPSS is a powerful tool for statistical testing, providing capabilities to perform reliability, validity, and regression analyses. This software helps process and interpret the data collected, making it easier to establish relationships between compensation, knowledge management, benefits, and employee performance. By employing this methodology, the research ensures a clear and objective examination of the factors affecting employee performance at BSI KC Pandanaran Semarang. The use of quantitative methods combined with SPSS software allows for efficient analysis and robust findings, which are critical for understanding how these variables influence overall employee productivity and organizational success.

4 | RESULTS AND DISCUSSION

4.1 Results

4.1.1 Validity Test

Statistics that represent the level of validity of an instrument are referred to as validity (Ghozali, 2018). An instrument is considered valid if it has a higher level of validity, whereas an instrument with lower validity is considered less valid. A significance threshold of 5% is applied to compare the calculated correlation coefficient (rcount) with the critical value (rtable). This means that an item on the instrument is considered valid if the calculated rcount is greater than the rtable. With a 5% significance level and $N = 108$, the critical value from the product moment correlation table is found to be 0.1891. Afterward, the rcount for each item is determined by comparing it with the rtable. The following are the calculation results.

Table 1. Validity Test Results

Variable	Question Item	rcount	rtable	Information
Compensation (X1)	X1.1	0.614	0.1891	Valid
	X1.2	0.811	0.1891	Valid
	X1.3	0.860	0.1891	Valid
	X1.4	0.830	0.1891	Valid
	X1.5	0.727	0.1891	Valid
Knowledge Management (X2)	X2.1	0.894	0.1891	Valid
	X2.2	0.885	0.1891	Valid
	X2.3	0.890	0.1891	Valid
	X2.4	0.849	0.1891	Valid
	X2.5	0.803	0.1891	Valid
Employee Performance (Y)	Y1.1	0.772	0.1891	Valid
	Y1.2	0.830	0.1891	Valid
	Y1.3	0.879	0.1891	Valid
	Y1.4	0.886	0.1891	Valid
	Y1.5	0.816	0.1891	Valid

Source: Processed Primary Data, 2026

Table 1 shows the results of the validity test, where the calculated correlation coefficient (rcount) for each indicator is greater than the critical value (rtable). This indicates that the indicators for the variables (X) compensation, knowledge management, and benefits, as well as the variable (Y) employee performance, are valid as measurement tools for the research variables. The validity of these indicators ensures the reliability of the instruments used in assessing the relationships between these factors and employee performance.

4.1.2 Reliability Test

An instrument is considered reliable when it consistently produces the same results when measuring the same object multiple times (Krisnan, 2021). In other words, reliability refers to the consistency of an instrument's results over time. When an instrument is used repeatedly, it should yield consistent findings. For this study, Cronbach's Alpha, with a standard threshold of 0.6, was used as the method for testing reliability (Purbohastuti, 2021). The Cronbach's Alpha test measures the internal consistency of the instrument, ensuring that all items are reliably measuring the same construct. The results of this test for the study are shown below.

Table 2. Reliability Test Results

Variable	Reliability Value	Standard	Information
Compensation (X1)	0.816	0.6	Reliable

Knowledge Management (X2)	0.824	0.6	Reliable
Employee Performance (Y)	0.982	0.6	Reliable

Source: Processed Primary Data, 2026

Table 2 shows that the reliability test results indicate the validity of each variable used in the study, as the Cronbach's Alpha coefficient for each variable exceeds the critical value of 0.6. This confirms that the instruments used in this research are reliable for measuring the intended variables.

4.1.3 Normality Test

This test is designed to ensure that the residual values in the regression model follow a normal distribution. In linear regression techniques, this is represented by the large and normally distributed random error values (e). A suitable regression model is one that is regularly or nearly regularly distributed when sufficient data is available for statistical testing. One approach to testing normality in regression is by using a probability plot method, which compares the cumulative distribution with the normal distribution. This method helps assess whether the residuals follow a normal distribution, a key assumption in regression analysis.

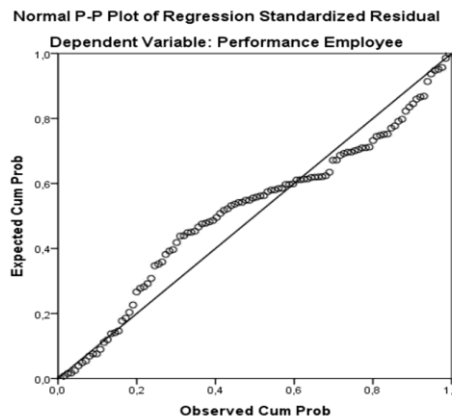


Figure 1 Normality Test Results

If the data is scattered along the diagonal and follows the direction of the diagonal, then the residuals are normally distributed. This serves as the basis for decision-making when identifying normality. On the other hand, if the data deviates significantly from the diagonal line or does not follow its direction, then the residuals are not normally distributed. The results above indicate that the residual data is consistently distributed, as the data is scattered along the diagonal line and follows its direction.

4.1.4 Multicollinearity Test

The purpose of the multicollinearity test is to determine whether the independent variables in the regression model are correlated with one another. In a good regression model, independent variables should not be correlated. If the independent variables are correlated, then these variables are not orthogonal. Orthogonal variables are independent variables that have zero correlation with other independent variables (Ghozali, 2018). Tolerance and VIF values in linear regression results are typically analyzed to check for multicollinearity.

Table 3. Multicollinearity Test Results

Coefficientsa	Model (Constant)	Collinearity Statistics	Tolerance	VIF
	Compensation		0.751	1.331
	Knowledge Management		0.779	1.284

Source: Processed Primary Data, 2026

If both the tolerance and VIF values are greater than 0.10, then multicollinearity does not occur. The calculation results in the table above show that there is no correlation between the independent variables. This also indicates that the VIF values for each independent variable are significantly less than 10, and the tolerance values are greater than 0.10. Therefore, it can be concluded that multicollinearity is not present in the independent variables of the regression model.

4.1.5 Heteroscedasticity Test

A regression model is considered homoscedastic if the residuals from one observation do not vary from the residuals of other observations; if they do vary, it is referred to as heteroscedasticity. This is the primary objective of the heteroscedasticity test. A well-designed regression model should not have issues with heteroscedasticity. One technique to check for the assumption of heteroscedasticity is the scatterplot test.



Figure 2 Heteroscedasticity Test

The regularity of data distribution and its ability to display a specific pattern determine the presence or absence of heteroscedasticity. Heteroscedasticity is absent if the pattern is erratic and does not follow a specific trend. The output above, which shows no issues with heteroscedasticity in the processed data, indicates that the distribution pattern is unpredictable and does not form a distinct pattern.

4.1.6 Regression Analysis

Regression analysis is a statistical technique that shows whether there is a relationship between variables (often referred to as causal or cause-and-effect relationships). The results are presented as a model or systematic equation. A regression equation is a practical representation of a model that can be developed or predicted using regression. Determining the extent of the influence of one variable on one or more other variables is done using regression analysis itself.

Table 4. Regression Analysis Results

Model	Standardized Coefficients Beta	t	Sig.
(Constant)		2.920	.000
Compensation	0.425	8.074	.000
Knowledge Management	0.178	4.017	.003

Source: Processed Primary Data, 2026

The regression equation that can be used is as follows: $Y = 0.425X_1 + 0.178X_2 + e$. The regression equation shows that employee performance (Y) is positively influenced by two research variables: compensation (X1) and knowledge management (X2), as indicated by the positive regression coefficients for these variables. Therefore, an increase in either of these variables will lead to an improvement in employee performance (Y). First, the coefficient b1 is 0.425, which means that employee performance is positively affected by compensation. As compensation increases, employee performance will improve, assuming knowledge management remains constant. Second, the coefficient b2 is 0.178, indicating that employee performance is positively affected by knowledge management. Employee performance will increase with any improvement in knowledge management, assuming compensation remains unchanged.

4.1.7 t-Test

The t-test is used to examine the individual impact of each independent variable on the dependent variable. The formula for the t-table is the number of respondents minus two, or $t\text{-table} = 108 - 2 = 106$, resulting in a t-table value of 1.659. Based on the analysis using multiple linear regression with the statistical testing results from IBM SPSS 26, the findings are as follows.

- 1) The test for the impact of compensation on employee performance obtained a t-value of 8.074, which is greater than the t-table value of 1.659, with a significance of 0.000, which is less than 0.05. This means that H0 is rejected, and H1 is accepted. It indicates that compensation has a positive and significant impact on employee performance.

- 2) The test for the impact of knowledge management on employee performance obtained a t-value of 4.017, which is greater than the t-table value of 2.005, with a significance of 0.003, which is less than 0.05. This means that H0 is rejected, and H1 is accepted, indicating that knowledge management has a positive and significant impact on employee performance.

4.1.8 F-Test

The F-test is used to test the collective (simultaneous) impact of independent variables on the changes in the dependent variable. The result determines how much the changes in the dependent variable can be explained by changes in all independent variables. For this, an F-test is conducted. To perform ANOVA or the F-test, the relevance level is compared based on the probability value of the research findings (Ghozali, 2018). The F-table value is found using $df_1 (2)$ and $df_2 (104) = 2.69$ by calculating $df_1 (N_1) = k-1 = 3-1 = 2$ and $df_2 (N_2) = n - k = 108 - 4 = 104$.

Table 5. F-Test Results

Model	Sum of Squares	df	Mean Square	F
Regression	1494.043	4	373.511	66.307
Residual	580.207	103	5.633	
Total	2074.250	107		

Source: Processed Primary Data, 2026

With a significance level of 0.000, the variables of knowledge management, skills, talents, and motivation have an F-value of 66.307. Since the F-value is greater than the F-table value of 2.69 and the significance value (Sig.) is 0.000, which is less than 0.05, it can be concluded that H0 is rejected and Ha is accepted, indicating that employee performance is influenced by compensation and knowledge management simultaneously.

4.1.9 Coefficient of Determination (R Square)

The coefficient of determination, also known as R-squared (R^2), is primarily used to measure how well the model explains the variability in the dependent variable. The value of R^2 ranges from 0 to 1. A low R^2 value indicates that the independent variables have a relatively small capacity to explain changes in the dependent variable. When the dependent factor almost entirely explains the variance in the dependent variable, the value approaches one.

Table 7. Coefficient of Determination (R Square) Results

Model	R	R Square	Adjusted R Square
1	0.849	0.820	0.809

Source: Processed Primary Data, 2026

The results of the multiple linear regression analysis from the coefficient of determination show that, with an adjusted R^2 value of 0.809, the independent variables of compensation and knowledge management account for 80.9% of the influence on employee performance. The remaining 19.1% is determined by factors not examined in this study.

4.2 Discussion

The results show that compensation and knowledge management have positive and significant effects on employee performance at BSI KC Pandanaran Semarang. The research instrument also met the required statistical criteria. All indicators had r-count values higher than the r-table value of 0.1891, while Cronbach's Alpha values for compensation, knowledge management, and employee performance were above 0.6. The normality, multicollinearity, and heteroscedasticity tests also supported the feasibility of the regression model. The data were normally distributed, the tolerance values were above 0.10, the VIF values were below 10, and no specific pattern appeared in the scatterplot. Based on those results, the regression model was suitable for explaining the effect of compensation and knowledge management on employee performance. The first hypothesis test proves that compensation has a positive and significant effect on employee performance. The regression coefficient for compensation was 0.425, with a t-value of 8.074 and a significance value of 0.000. Since the significance value was below 0.05, compensation can be stated as a significant predictor of employee performance. The positive coefficient means that better compensation is followed by better employee performance. Among the independent variables, compensation had the strongest effect, as shown by a higher beta coefficient than knowledge management.

The result is consistent with Dessler (2020), who defines compensation as a reward received by employees for the work performed. Compensation includes salary, incentives, allowances, bonuses, and other rewards provided by the organization. Mondy and Martocchio (2016) also explain that compensation is part of the total reward system received by employees in exchange for their work. In banking operations, fair compensation becomes important because employees are required to maintain accuracy, discipline, customer service quality, and compliance with work procedures. The finding

also aligns with Armstrong and Taylor (2020), who state that compensation can affect motivation, job satisfaction, and work effectiveness. Employees who perceive their compensation as fair tend to show stronger work motivation and responsibility. At BSI KC Pandanaran Semarang, compensation may encourage employees to complete administrative duties carefully, serve customers properly, and achieve work targets more consistently. A fair compensation system also helps employees feel that their workload, responsibility, and work achievement are properly valued.

Milkovich *et al.* (2019) explain that a competitive compensation system can strengthen employee motivation and improve work achievement. The result of the regression analysis supports that view, as compensation produced the highest coefficient compared with knowledge management. Putra and Ardana (2016) also found that compensation has a positive and significant effect on employee performance because proper rewards can increase enthusiasm and responsibility. Sutrisno (2017) further explains that compensation aligned with employee work results can improve productivity and work quality. Based on those references, the empirical result confirms that compensation plays a major role in improving employee performance. The second hypothesis test proves that knowledge management has a positive and significant effect on employee performance. The regression coefficient for knowledge management was 0.178, with a t-value of 4.017 and a significance value of 0.003. Since the significance value was below 0.05, knowledge management significantly affects employee performance. The positive coefficient indicates that stronger knowledge management practices are followed by better employee performance.

Knowledge management supports employees through access to relevant information, work procedures, service standards, and shared work experience. Nonaka and Takeuchi (1995) explain that knowledge creation and knowledge sharing are important processes in organizational learning. In banking work, employees need updated information about products, services, regulations, and operational procedures. When knowledge is shared properly, employees can reduce errors, solve work problems faster, and provide better service to customers. The result is also in line with Lee and Choi (2003), who found that knowledge creation, knowledge sharing, and knowledge application can improve individual and organizational performance. Knowledge management does not only store information, but also helps employees apply information to daily work. At BSI KC Pandanaran Semarang, knowledge management can support performance when employees share experience, learn from work cases, and apply standard procedures consistently.

Darroch (2005) states that organizations with strong knowledge management capabilities tend to achieve better performance. The result also supports Hislop (2013), who explains that knowledge sharing can improve work efficiency and decision-making quality. Employees who receive adequate knowledge support are more prepared to handle work demands, customer needs, transaction procedures, and internal administrative requirements. Andreeva and Kianto (2012) also found that knowledge management practices are related to competitiveness and organizational performance. Although knowledge management has a significant effect, the coefficient is lower than compensation. The beta coefficient of knowledge management was 0.178, while compensation reached 0.425. The difference indicates that employee performance at BSI KC Pandanaran Semarang is more strongly influenced by reward-related factors. Even so, knowledge management remains necessary because banking work requires accuracy, updated knowledge, teamwork, and the ability to adapt to operational changes. Compensation encourages employees to work with stronger motivation, while knowledge management helps employees work with better accuracy and capability.

The F-test result shows that compensation and knowledge management simultaneously affect employee performance. The F-value was 66.307, higher than the F-table value of 2.69, with a significance value of 0.000. Since the significance value was below 0.05, both independent variables jointly affect employee performance. Compensation and knowledge management influence performance through different mechanisms. Compensation strengthens motivation and perceived fairness, while knowledge management strengthens capability, work accuracy, and problem-solving ability. The coefficient of determination also indicates a strong model. The adjusted R-square value was 0.809, meaning that compensation and knowledge management explain 80.9% of the variation in employee performance. The remaining 19.1% may be affected by other factors outside the regression model, including leadership style, work discipline, organizational culture, career development, work environment, job satisfaction, and employee engagement.

Based on the results, BSI KC Pandanaran Semarang needs to maintain a fair, transparent, and competitive compensation system. Salary, incentives, allowances, and rewards should be aligned with workload, responsibility, and work achievement. Management also needs to strengthen knowledge management through regular knowledge sharing, internal training, updated work procedures, and collaboration among employees. A fair compensation system can improve motivation, while effective knowledge management can strengthen employees' ability to perform banking duties accurately and professionally.

5 | CONCLUSIONS AND FUTURE WORK

Employee performance at BSI KC Pandanaran Semarang is influenced by compensation and knowledge management, both partially and simultaneously. The partial test results show that compensation has a positive and significant effect on employee performance. Proper compensation can encourage employees to work with greater

responsibility, discipline, and motivation. Fair salary, incentives, allowances, and rewards that match workload and work achievement can strengthen employee commitment to completing tasks effectively. In banking operations, compensation plays an important role because employees are required to maintain accuracy, service quality, and compliance with work procedures. Knowledge management also has a positive and significant effect on employee performance. Good knowledge management enables employees to access relevant information, understand work procedures, share experience, and solve work problems more effectively. Employees who receive sufficient knowledge support are more capable of completing their duties accurately and adapting to organizational changes. Knowledge sharing among employees can also improve work efficiency, reduce errors, and support better decision-making in daily banking activities. Compensation and knowledge management affect employee performance. The adjusted R Square value of 0.809 indicates that compensation and knowledge management explain 80.9% of employee performance, while the remaining 19.1% is influenced by other factors not examined, such as leadership style, organizational culture, work discipline, work environment, job satisfaction, career development, and employee engagement. The findings indicate that improving employee performance requires a fair compensation system and consistent knowledge management practices. Therefore, BSI KC Pandanaran Semarang needs to maintain competitive compensation policies while strengthening internal learning, knowledge sharing, and access to updated work procedures.

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