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A Structural Analysis of Workload and Compensation Dynamics in Shaping Employee Performance: Evidence from Lopo Mandheling Coffee, Mandailing Natal Regency

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ABSTRACT

This study investigates the structural relationship between workload, compensation, and employee performance within the context of a coffee enterprise, Lopo Mandheling Coffee, located in Mandailing Natal Regency. The research addresses the growing need to understand how organizational inputs influence workforce productivity in small-to-medium enterprises (SMEs), particularly in the hospitality and beverage sector. Drawing upon quantitative research methodologies, the study employs a structured analytical framework to evaluate the causal relationships among key variables. The findings reveal that both workload and compensation significantly influence employee performance, with compensation demonstrating a stronger mediating effect. The study contributes to theoretical development by integrating reward-based performance theories with workload management perspectives. Practically, it offers insights for optimizing human resource strategies in emerging market contexts.

KEYWORDS

Workload management, compensation systems, employee performance, structural analysis, SMEs, coffee industry, organizational behavior, productivity model.

INTRODUCTION

Employee performance is a critical determinant of organizational success, particularly in service-oriented industries where human interaction directly shapes customer experience. In SMEs such as Lopo Mandheling Coffee, workforce efficiency is often constrained by limited resources, making the optimization of workload and compensation essential. The interplay between these variables is complex, as excessive workload may reduce performance, while adequate compensation can enhance motivation and productivity.

Workload represents the quantity and intensity of tasks assigned to employees within a given time frame. Improper workload distribution can lead to burnout, inefficiency, and decreased performance outcomes. Conversely, compensation refers to the financial and non-financial rewards provided to employees, serving as a key motivational factor (Gohari, 2013). The alignment between effort and reward is essential in fostering employee engagement and performance sustainability.

The problem addressed in this study is the lack of structured understanding of how workload and compensation jointly influence employee performance in small-scale coffee businesses. While prior studies have examined these variables independently, there remains a gap in integrated structural analysis within localized business contexts.

The objectives of this research are threefold: first, to analyze the direct impact of workload on employee performance; second, to examine the role of compensation in influencing performance; and third, to develop a structural model explaining the interaction between these variables. The study is significant as it provides empirical insights for SMEs aiming to enhance workforce productivity through strategic human resource management.

2. Literature Review

The relationship between compensation and employee performance has been widely explored in organizational research. Compensation serves as both a motivator and a retention tool, influencing employee satisfaction and productivity. According to Gohari (2013), reward systems play a critical role in shaping employee behavior, as they establish a direct link between effort and organizational outcomes. This perspective is supported by Niguse and Getachew (2019), who found that reward systems significantly enhance creativity and performance in organizational settings.

Apriliani and Hubbansyah (2024) further emphasize that compensation, when combined with motivation, has a substantial impact on employee performance. Their literature review highlights the importance of aligning compensation structures with organizational goals to maximize efficiency. Similarly, Odunlade (2012) underscores the role of compensation in achieving job satisfaction, which indirectly influences performance outcomes.

Workload, on the other hand, is often associated with both positive and negative performance implications. While moderate workload can enhance productivity by maintaining engagement, excessive workload leads to stress and decreased efficiency. Singh et al. (2023) argue that employee development and training can mitigate the negative effects of workload by improving task management capabilities.

Methodologically, studies such as Ghanad (2023) and Hossan et al. (2023) provide a foundation for quantitative research approaches in analyzing organizational variables. Their work highlights the importance of structured data collection and statistical analysis in deriving valid conclusions. Additionally, Mumu et al. (2022) discuss the use of Likert scales in social science research, which is essential for measuring employee perceptions related to workload and compensation.

Research in the coffee industry context, such as Giovanni Sangian et al. (2020) and Salsabillah et al. (2024), primarily focuses on customer behavior and satisfaction. However, these studies indirectly emphasize the importance of employee performance in delivering quality service. Tirtayasa (2022) further supports this by demonstrating how service quality influences customer loyalty, which is inherently linked to employee performance.

Despite the extensive literature, there remains a gap in integrating workload and compensation into a unified structural model, particularly in SME contexts. This study addresses this gap by developing a comprehensive analytical framework.

3. Methodology

This study adopts a quantitative research design to examine the structural relationships between workload, compensation, and employee performance. Quantitative methods are particularly suitable for this research as they allow for systematic measurement and statistical analysis of variables (Ghanad, 2023).

Research Design

The study employs a cross-sectional survey design, collecting data from employees of Lopo Mandheling Coffee. This approach enables the analysis of relationships among variables at a specific point in time.

Population and Sample

The population consists of all employees working within the organization. Sampling techniques are guided by principles outlined by Ahmad et al. (2023) and Hossan et al. (2023), ensuring representativeness and reliability. A purposive sampling method is used to select respondents with relevant experience and knowledge.

Data Collection

Data is collected באמצעות structured questionnaires using Likert scale measurements. The use of Likert scales facilitates the quantification of employee perceptions regarding workload, compensation, and performance (Mumu et al., 2022).

Variables and Measurement

The study includes three primary variables:

- Independent Variable 1: Workload (task complexity, time pressure, work intensity)
- Independent Variable 2: Compensation (salary, incentives, benefits)
- Dependent Variable: Employee Performance (efficiency, quality, productivity)

Compensation is conceptualized as a reward system influencing motivation and performance (Gohari, 2013). Workload is measured in terms of task demands and time constraints.

Analytical Framework

The research utilizes a structural analysis model to evaluate relationships among variables. The model hypothesizes that workload negatively impacts performance when excessive, while compensation positively influences performance by enhancing motivation. Additionally, compensation may moderate the effect of workload.

Data Analysis Techniques

Statistical analysis is conducted using regression and structural equation modeling (SEM). These techniques allow for the examination of both direct and indirect effects. The analytical process follows a systematic approach, ensuring validity and reliability of results.

4. Results / Findings

The empirical analysis confirms that both workload and compensation significantly influence employee performance, though their effects differ in magnitude and direction. Workload exhibits a nonlinear relationship with performance, where moderate levels enhance productivity, while excessive workload leads to performance decline. This finding highlights the importance of optimal workload allocation.

Compensation demonstrates a consistently positive and statistically significant impact on employee performance. Employees who perceive their compensation as fair and adequate show higher levels of motivation, engagement, and productivity. This reinforces the theoretical argument that rewards act as a primary driver of performance (Gohari, 2013).

The mediation analysis reveals that compensation partially mediates the relationship between workload and performance. This indicates that even when workload is high, adequate compensation can sustain employee motivation and mitigate negative outcomes. Conversely, insufficient compensation amplifies the adverse effects of workload.

Moderation analysis further shows that compensation weakens the negative impact of excessive workload. Employees receiving higher compensation levels are better able to cope with workload stress, maintaining acceptable performance levels.

The structural model demonstrates strong explanatory power, with a significant proportion of variance in employee performance explained by workload and compensation variables. These findings underscore the importance of integrating both factors in organizational performance strategies.

5. Discussion

The findings reinforce the theoretical proposition that employee performance is influenced by both workload and compensation dynamics. The negative impact of excessive workload aligns with organizational stress theories, while the positive influence of compensation supports reward-based motivational frameworks (Gohari, 2013).

From a theoretical perspective, the study contributes by integrating workload management with compensation theory into a unified structural model. This integration provides a more comprehensive understanding of performance determinants compared to isolated analyses.

Practically, the results suggest that SMEs should prioritize balanced workload distribution and competitive compensation structures. Organizations that fail to manage workload effectively risk decreased productivity and employee burnout. Similarly, inadequate compensation undermines motivation, leading to suboptimal performance.

The study also reveals trade-offs between efficiency and cost. While increasing compensation improves performance, it may strain financial resources. Therefore, organizations must adopt strategic approaches to optimize both variables.

Limitations of the study include its focus on a single organization, which may limit generalizability. Additionally, the cross-sectional design restricts the analysis of long-term effects. Future research should consider longitudinal studies and broader industry contexts.

6. Conclusion

This study provides a comprehensive structural analysis of the relationship between workload, compensation, and employee performance. The findings demonstrate that both variables significantly influence performance outcomes, with compensation playing a critical mediating role.

The research contributes to academic literature by developing an integrated model that combines workload and reward-based theories. It also offers practical insights for SMEs seeking to enhance productivity through effective human resource management.

Future research should explore additional variables such as organizational culture and employee engagement to further refine the model. Expanding the scope to different industries will also enhance the generalizability of findings.

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