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# The Influence of Intrinsic Motivation and Compensation on Employee Performance

(Study at one of the companies operating in the Fashion sector in Bandung City)

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## ABSTRACT

This study was undertaken to investigate the impact of intrinsic motivation and compensation on employee performance at a fashion company in Bandung City. This research investigates the elements that exert the greatest influence on employee performance in a fashion firm in the city of Bandung. Specifically, it focuses on the relationship between intrinsic motivation and compensation. The study involves 53 employees who will be surveyed using a questionnaire.

Research utilizing route analysis indicates that the Intrinsic Motivation variable (X1) has a direct influence of 0.268 or 26.8%, an indirect influence through its link with Compensation (X2) of 0.163 or 16.3%, and a total influence of 0.431 or 43.1%. The Compensation Variable (X2) has a direct influence of 0.176 or 17.6%, an indirect influence through its relationship with Intrinsic Motivation (X1) of 0.163 or 16.3%, and a total influence of 0.339 or 33.9%. The coefficient of determination (R square) expresses the percentage that represents the magnitude of the contribution of the independent variables, Intrinsic Motivation and Compensation, which is 0.770 or 77%. The remaining 23% represents the influence of other factors on employee performance that were not studied, indicated by the value  $\epsilon = 0.230$  or 23%. In relation to the research findings, it is recommended to focus on enhancing Employee Performance by addressing Intrinsic Motivation and Compensation.

**Keywords:** Motivation Intrinsic, Compensation, Employee Performance

## INTRODUCTION

The emergence and commercialization of the hijab in Indonesia have become prominent fashion trends in the country. A scarf, traditionally used as a head covering, which was also often understood as a hijab in the period until the 1990s. Currently, the hijab has gained significant popularity in Indonesian society. This can be attributed to various elements, primarily the influence of information dissemination, which has greatly contributed to the growth of the hijab trend in Indonesia. Different variations of hijab have become a staple for both teenagers and adults, despite the fact that initially in Indonesia, most hijab forms were quite basic. Indonesia is globally recognized as the originator of quick headscarves. The evolution of the headscarf is significantly shaped by hijab fashions originating from foreign countries.

Following the introduction of many headscarf styles from Egypt and Turkey, the hijab and headscarf designs in Indonesia amalgamated and gave rise to novel, intricate, and fashionable models. Presently, the two most prevalent styles of headscarves are the modern headscarf and the long hijab. Women who choose to wear lengthy hijabs often do so in response to religious requirements, and they typically prioritize the material, length, and thickness of the hijab in order to adequately cover their private areas. Currently, when it comes to contemporary headscarves, individuals are more inclined to adhere to the latest fashion trends. (da Cruz Carvalho, Riana & Soares, 2020; Forson, Ofosu-Dwamena, Opoku & Adjavon, 2021)

The evolution of hijab fashion in Indonesia coincided with the establishment of the hijab community in 2011, known as the hijaber community. The existence of this hijab community introduces a fresh dimension to the realm of hijab fashion in Indonesia, including diverse patterns, hues, and designs that establish a novel paradigm in society, enabling individuals to appear both attractive and fashionable while remaining faithful to their religious beliefs.

The hijab fashion business is highly developed, particularly in Indonesia, due to its status as one of the countries with the highest Muslim population globally. The significant prospects in the industrialization of hijab fashion at present are evident <sup>v2</sup> the advancements in technology and the widespread use of social media. As indicated in **Government Regulation Number 80 of 2019 about Electronic Systems Trading**. The **Government Regulation on Trading Through Electronic Systems** (PP PMSE) was implemented to promote the sustainable growth of e-commerce in the country. In addition, to boost the trade of domestic goods and promote the growth of online exports. This law serves as an incentive for business actors to expand their commercial operations via internet platforms. Consequently, numerous enterprises are progressively utilizing social media as a powerful tool to extensively promote the hijab fashion industry by aligning with prevailing fashion trends. An emerging opportunity in the hijab fashion sector is its increasing presence in various electronic media platforms. In addition, there exists a significant potential for the industrialization of hijab fashion in Indonesia, given that Indonesia is the most populous Muslim nation globally, with approximately 85.2 percent or around 199,959,285 individuals out of a total population of 234,693,997. The Muslim community in Indonesia exerts significant impact on the hijab fashion business. (Hartati, 2020; Sitopu, Sitinjak & Marpaung, 2021; Good, Hughes, Kirca & McGrath, 2022)

This company operates in the Muslim fashion sector, specializing in the production of hijabs. Therefore, it is imperative for this organization to manufacture fashionable hijab goods that exhibit exceptional product quality. There is a growing demand for attractive hijabs among Muslim women, which has led companies to manufacture a wide range of hijabs to cater to the needs of teenagers and adults. There is a new trend in hijab fashion that

reflects a change in society's perspective on the significance of wearing the headscarf. The emergence and commercialization of the hijab in Indonesia have become prominent fashion trends in the country. A scarf, traditionally used as a head covering, which was also often understood as a hijab in the period until the 1990s. Currently, the hijab has gained significant popularity in Indonesian society. This can be attributed to various elements, primarily the influence of information dissemination, which has greatly contributed to the growth of the hijab trend in Indonesia. Different variations of hijab have become a staple for both teenagers and adults, despite the fact that initially in Indonesia, most hijab forms were quite basic. Indonesia is globally recognized as the originator of quick headscarves. The evolution of the headscarf is significantly shaped by hijab fashions originating from foreign countries. (Manzoor, Wei & Asif, 2021; Andika & Darmanto, 2020; Nguyen, Yandi & Mahaputra, 2020)

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Companies are increasingly confronted with hurdles in maintaining survival due to the intensifying level of commercial competition. One of them is a fashion company based in the city of Bandung that managed to endure the impact of the pandemic. The fashion industry, particularly one of the enterprises in Bandung, had a surge in sales during the period of 2020 to 2021, coinciding with the outbreak of the Covid-19 epidemic in Indonesia. These figures demonstrate the growth of delivery addresses on the marketplace. of 2020, the number of addresses reached 1,099,969, while in 2021 it increased to 1,220,924. In contrast, in 2019, the number of addresses it reached was only 873,246. The Covid-19 outbreak led to a significant surge in sales growth as a result of government-imposed stay-at-home measures and the subsequent shift towards internet purchasing. The company employs online sales facilities and infrastructure to promote its products, thereby increasing their visibility to a broader audience. Companies must begin to adapt and innovate by demonstrating the quality and competitiveness of new local products. (Malek, Sarin & Haon, 2020; Suryanti & Panjaitan, 2021; Fishbach & Woolley, 2022)

As sales continue to expand, the company's production capacity will also increase. This significantly impacts the productivity of individuals who are responsible for increasing both their output and other job responsibilities. As sales grew, the company faced obstacles due to staff limitations imposed in compliance with government guidelines. In fact, several employees were temporarily laid off while awaiting the resumption of normal operations. This has the potential to precipitate a decrease in staff productivity. Conversely, when operations return to their regular state, the company requires extra staff to manage the increase in sales. In addition, following the restoration of normalcy, numerous employees from the Production Department organization were consistently absent from work without providing a good explanation. Currently, the level of work accomplished falls short of the predetermined goals established by the organization. This can impede firm productivity when there is an increase in demand. (Ali & Anwar, 2021; Liu, Hau, Liu, Wu, Wang & Zheng, 2020; Idris, Adi, Soetjipto & Supriyanto, 2020)

Companies must establish a standard of excellence in employee performance in order to accomplish company objectives. Companies have diverse objectives inside an organization, and the pursuit of these objectives necessitates the management of production variables, which include natural resources, human resources, capital, raw materials, machinery, and technology. Companies must consistently prioritize the correlation between these production elements. Therefore, firms must effectively manage their human resources in order to facilitate development and advancement. It is not solely reliant on cash and a robust business strategy, but also on the presence of skilled and capable employees. Competent human resources have a crucial role in comparison to other resources. (Paais & Pattiruhu, 2020; Rasheed, Jamad, Pitafi & Iqbal, 2020)

16 Essentially, human resources personnel function as facilitators, strategists, and organizers in order to accomplish the objectives of the firm. In order to accomplish their desired objectives, firms must establish circumstances and environments that foster and empower individuals to enhance their abilities and skills to the fullest extent, particularly with regard to their performance. The full potential of every human resource inside the firm can be effectively harnessed to greatly enhance employee performance.

Human resource management is the company's personnel administration, encompassing many activities and operational functions. Its pivotal role involves allocating personnel to different areas within the firm, a task that is crucial for achieving optimal job outcomes. The field is not just about managing human capital, but also about acknowledging its beneficial attributes, which are essential for the organization's performance. A corporation's success is not just about having a strategic approach, but also about having the right resources that can

offer lasting competitive advantages. The primacy of human resources lies in their inherent attributes that surpass those of other resources, endowing organizations with a multitude of advantages. (Chien, Mao, Nergui & Chang, 2020; Rinny, Purba & Handiman, 2020; Indriyani & Nugroho, 2022)

The individual performance of its personnel significantly impacts the overall success of a firm. Every organization consistently enhances employee performance to accomplish the company's objectives. It is necessary to use performance management to effectively oversee activities inside a corporation and accomplish organizational objectives to enhance performance. High-quality human resources, effectiveness, and efficiency will be sufficient to achieve organizational goals. Financially enhancing productivity is a fundamental part of industrial tools and technologies, which depend on human labor.

Every organization endeavors to ensure that the employees engaged in corporate activities deliver optimal performance to achieve the established goals. To optimize performance, firms must offer their employees positive reinforcement and compensation proportional to their efforts.

The quality of a firm can be determined by the competence and effectiveness of its workers. Recognizing the significance of the workforce, a corporation must prioritize issues about its employees. Rising rivalry in employment has prompted enterprises to enhance their productivity even further. Employees, one of the critical catalysts for the company's success, must collaborate more effectively to confront competition.

According to the provisions in paragraphs 1 and 2 of Law Number 13 of 2003, labor refers to individuals who possess the capability to engage in productive activities to generate commodities and services, both for personal consumption and for the benefit of society.

Enhancing the proficiency of the company's workforce is a viable approach to boost production and enable them to effectively compete. In order to achieve optimal performance, firms must not just maximize the utilization of all available resources, including their workforce, but also ensure effective management of human resources. This is crucial as it can lead to optimal employee performance, with employees fully utilizing their abilities, skills, and competences in service of the firm.

Performance assessments examine and evaluate personnel's accomplishments, capabilities, and progression. Regular performance assessments evaluate each person's individual performance progress inside the firm. Failure to address this issue may result in a decline in employee efficiency, which could negatively affect the firm. The performance assessment process can be observed via the lens of performance standards. This condition is employed to assess job outcomes against established benchmarks implemented by the firm. The outcomes of this comparison can determine the performance and productivity of the personnel. This performance standards comparison offers a definitive assessment of whether employees have adhered to established benchmarks, enabling the organization to devise strategies to achieve its objectives, namely enhancing performance.

The worker rights encompass the entitlement to fair and impartial treatment, free from any form of discrimination, the opportunity to enhance professional skills, the freedom to practice one's religion and beliefs, the right to receive wages or income that uphold human dignity, and the right to receive protection, welfare, and a safe and healthy work environment.

The daily number of achieved targets falls short of the company's specified targets, a situation believed to be due to suboptimal staff performance. Not all employees in the Production Department of a Fashion company in Bandung City perform optimally, with a significant number failing to meet the set performance standards. This calls for urgent measures to be implemented to enhance the productivity and efficiency of the workforce.

The employee performance assessment at a company operating in the Fashion sector in Bandung City revealed fluctuations in the January to May 2022 period. The overall value in January was 77.00%, but it significantly decreased in February, specifically by 73.50%. In March, there was a further decline of 73.00%. In April, there was a surge of 75.25%. In May, there was a further decline of 74.75%. The preset aim of 90.00% has not been achieved. It is crucial for firms to enhance employee performance by thoroughly analyzing the underlying variables that are contributing to issues within the organization. Understanding these root causes is key to improving employee performance.

Multiple variables are believed to impact performance, specifically work conflict, stress, discipline, career development, and competence. Additionally, motivational factors contribute to an employee's attitude towards performance and the provision of fair and suitable compensation. Based on the author's first study and observations, it is believed that the primary cause of the current low employee performance is their lack of intrinsic drive.

The findings of the preliminary survey on intrinsic motivation in a fashion company located in the city of Bandung. The Case Study conducted in the Production Department achieved an average score of 3.05, which falls into the "quite good" category. This condition is attributed to the need for more robust engagement with the tasks at hand, which significantly impacts the quality of the job outcomes, resulting in dissatisfaction.

In terms of achievement, the first dimension earns a score of 3.40, placing it in the "quite good" category. This condition demonstrates that the employees' capacity to generate successful ideas for individual achievement still needs to be improved. In the second dimension of recognition, the score for recognition/award is 2.97, placing it in the pretty good category. This condition might be attributed to the need for acknowledgment of job accomplishments and the failure of company executives to bestow prizes onto high-performing staff. Next, in the third dimension of the work itself, it scored 3.37, placing it in the category of reasonably good. This condition is because specific individuals are inclined towards engaging in challenging tasks, while others are not inclined towards such tasks.

In the realm of responsibility, the fourth dimension has scored 2.90, placing it reasonably well. This condition demonstrates that personnel can execute the tasks the management assigns. In the context of progress and improvement, the fifth dimension scored 2.60, placing it in the poor category. The lack of employee self-development chances is the reason for this. Thus, the level of intrinsic motivation in the manufacturing section of a fashion company in Bandung is suboptimal.

Enhancing an employee's performance is significantly influenced by intrinsic motivation. Employees' adjustments to an organization are influenced by their intrinsic motivation. Consequently, modifications prompted by internal motivation will enhance performance, whereas the inability to make modifications will result in a decline in internal motivation, ultimately leading to poorer performance. Enhanced worker motivation can be achieved by instilling a belief that their efforts will be acknowledged and valued. Hence, leaders must be able to inspire and incentivize their staff, fostering their commitment towards accomplishing the assigned duties and objectives set by the organization. An employee needing more motivation is equivalent to lacking the aspiration to accomplish a goal. Company executives must provide motivational encouragement to ensure staff effectively fulfill their jobs and responsibilities.

Nevertheless, firms must focus not only on motivational aspects but also on remuneration factors to enhance employee performance. Fundamentally, individuals engage in employment to acquire financial resources to fulfill their necessities. Consequently, an employee appreciates the diligent effort and progressively demonstrates organizational commitment. Companies provide prizes to workers as a recompense for their diligent use of

their labor. The compensation strategy holds significant importance and strategic value as it directly influences the enhancement of employee motivation and performance inside a firm. When the pay policy is developed correctly, employees will experience satisfaction and motivation to engage in various activities to accomplish business objectives. Conversely, if the policy is suitable, it will lead to job happiness and decrease staff performance.

The findings of the preliminary survey on remuneration at a fashion company in the city of Bandung. The Case Study in the Production Department obtained a mean score of 2.97, placing it in the "quite good" category. The corporation continues to offer inadequate remuneration to its employees.

In the first dimension, the initial indicator for salary has a score of 2.70, placing it in the "quite good" group. This is because the corporation offers salaries that do not align with the amount of work employees perform. The second indicator related to incentives scored 2.07, placing it in the wrong category. This results from the absence of incentives for employees in supplementary cash earnings. The fourth indication for allowances scored 3.27, placing it in the "quite good" category. This condition indicates that the company's benefits still need to meet the expectations of its employees. The fifth indication for pay outside of working hours has a score of 2.00, placing it in the low category. This condition is because the corporation still needs to remunerate its personnel.

The sixth indication about facilities scored 3.67, placing it in the excellent category. This condition demonstrates that the organization has furnished commendable amenities. In the second dimension, the seventh indicator measures work-related pay, which scores 3.23, placing it in the "quite good" group. This condition results from the company's implementation of suboptimal health policies. The ninth indicator for remuneration about the work environment has a score of 3.81, placing it in the excellent category. This condition demonstrates that the employees experience a sense of ease and contentment inside the organization's work environment. Thus, the pay in the Production Department of a Fashion sector company in the City of Bandung Case Study is suboptimal.

The degree of remuneration has a significant impact on performance. An organization must possess a sufficient remuneration mechanism. Sufficient remuneration is anticipated to incentivize firm personnel to perform and accomplish tasks with commendable outcomes. Remuneration has the potential to either enhance or diminish employee performance. Compensation is a method that management can utilize to enhance performance, incentivize, and augment employee work happiness. Compensation is offered to incentivize employees to increase their job output, maintain a high level of discipline, foster a sense of unity among employees, and fulfill all the organization's requirements.

Therefore, based on the data we've gathered, we can evaluate the productivity of employees in a fashion company in Bandung City. The case study of the Production Department's efficiency still shows room for improvement. This could be due to factors related to intrinsic motivation, despite the fact that employee remuneration is at a low level. The author's goal is to explore the influence of both intrinsic motivation and compensation on employee performance in a fashion company in Bandung, with the aim of providing valuable insights for improving employee productivity and satisfaction.

## METHOD

This study employs a quantitative research methodology. Quantitative methods seek to quantify and test data to generate solutions to problems requiring measurement or testing. These methods utilize statistical techniques and testing tools to examine hypotheses. Quantitative research methods are research approaches rooted in the positivist philosophy.



They are employed to study specific populations or samples, employing research instruments to collect data. The collected data is then subjected to quantitative or statistical analysis to test pre-established hypotheses. Data analysis in quantitative research is a post-data collection activity that examines data obtained from all respondents or other sources.

The author, an expert in the field, employed both the descriptive approach and the verification method in completing this research. The descriptive assessment method is a research technique used to identify the presence of independent variables, either on one or multiple variables (stand-alone or independent variables), without making comparisons between the variables or seeking relationships with other variables. The verification method is a research technique used to evaluate hypotheses derived from descriptive research. It involves conducting statistical calculations to acquire evidence that either supports or rejects the hypothesis.

This research, of significant importance, seeks to empirically examine the proposed hypothesis and ascertain the relationship between variables by utilizing the predetermined problem formulation and the anticipated research objectives. This research designates intrinsic motivation (X1) and compensation (X2) as independent variables, whereas employee performance (Y) is considered the dependent variable.

The demographic for this research consists of all production staff working in a fashion firm in Bandung. The total number of employees in the Production Department of a fashion company in Bandung City is 53. When researching populations of less than 100, it is recommended to use a total sampling technique. This condition ensures that all individuals of the population are included as responders, providing information for the study. The author of this study selected a sample of 53 employees from a fashion firm located in Bandung City—a case study on the operations of the production department.

Researchers send surveys to collect primary data from the company. The researcher utilized a primary data collection technique by directly watching, reviewing, and engaging with the intended respondents through interviews, observations, and questionnaires.

## RESULTS AND DISCUSSION

This study aims to ascertain and examine the impact of intrinsic motivation and compensation on the performance of employees in the production department. The findings are crucial in offering efficient managerial suggestions to enhance employee performance and company productivity.

The validity test is a rigorous process that measures the level of certainty in the consistency between the observed data and the data provided by the researcher. Valid data accurately corresponds to the information supplied by the researcher and aligns with the actual observations made on the research object. A valid instrument is reliable and accurate in obtaining measurement data. It refers to the capability of an instrument to accurately measure the intended quantity or attribute.

The Corrected Item-Total Correlation approach was employed to assess the validity of the questionnaire items. The validity coefficient calculation was performed using the SPSS 16 for Windows software. An item is deemed valid if its Corrected Item-Total Correlation values exceed the crucial value. The specified critical r value is 0.300.

An instrument will be deemed valid if it has a positive correlation with the total score and a strong correlation, indicating a high level of validity. A value of  $r = 0.300$  is the minimal threshold for validity. Those items are deemed invalid if the correlation coefficient between items in the instrument's total score is less than 0.300.

The reliability findings are of utmost importance as they indicate the degree of consistency in measurement outcomes when the same object is used, resulting in the same data. Reliability tests, such as the split-half item approach and Cronbach's alpha, are conducted to determine the degree of reliability of the instrument being utilized. A variable instrument is considered dependable if it yields a coefficient value of more than 0.700, indicating a positive level of reliability. As the level of reliability increases, the instrument becomes more consistent and dependable.

The validity test findings for each variable's statement items and the reliability testing results for the three study variables are as follows:

**Table 1. Validity Test Results and Reliability Tests**

Instrument	Intrinsic Motivation	Compensation	Employee Performance
1	0,435	0,510	0,429
2	0,412	0,524	0,562
3	0,520	0,528	0,486
4	0,462	0,485	0,558
5	0,417	0,497	0,596
6	0,468	0,545	0,456
7	0,429	0,559	0,475
8	0,567	0,425	0,439
9	0,436	0,504	0,441
10	0,413	0,416	0,447
11	0,422	0,476	0,412
12	0,454	0,534	0,492
13	0,530	0,482	0,426
14	0,488	0,483	0,609
15	0,524	0,494	0,551
<b>Cronbach's Alpha</b>	0,837	0,853	0,846

The calculations conducted for Intrinsic Motivation, Compensation, and Employee Performance variables demonstrate favorable outcomes. For a questionnaire to be considered genuine, it must meet the minimum condition of having a calculated r-value that is more than the crucial r-value, specifically > 0.300. Therefore, items 1 to 15 can be deemed genuine and accurate indicators of Intrinsic Motivation, Compensation, and Employee Performance. These variables are considered dependable as the estimated correlation coefficient (r) exceeds the crucial value 0.700. The research instrument utilized is highly trustworthy and has a significant level of stability. This condition implies that the test findings will consistently demonstrate reliability when the instrument is regularly employed. Results of a basic linear regression produced from the study of the data:

$$Y = 0,431 X1 + 0,339 X2 + 0,230 \epsilon$$

The regression analysis of this research indicates that intrinsic motivation and compensation substantially impact employee performance in the manufacturing department of a fashion firm located in the city of Bandung. The regression coefficient of 0.431 for the intrinsic motivation variable signifies that a one-unit increase in intrinsic motivation will

result in a 0.431-unit increase in employee performance, providing all other factors remain equal. This condition affirms that the internal drive to achieve and excel has a more significant impact on the productivity and effectiveness of employees when compared to monetary rewards.

The regression coefficient of 0.339 for the compensation variable signifies that a one-unit increase in remuneration will result in a 0.339-unit increase in employee performance, provided all other factors remain constant. This condition suggests that while compensation has a lesser impact than intrinsic motivation, it still substantially enhances employee performance. The error factor ( $\epsilon$ ) of 0.230 suggests the presence of additional variables not accounted for in this model that have a lesser impact on employee performance compared to intrinsic motivation and compensation.

These findings underscore the crucial role of firm leadership in prioritizing the enhancement of employee intrinsic motivation. By implementing diverse programs and policies aimed at boosting job satisfaction, loyalty to the organization, and the drive to excel, leadership can significantly impact employee performance. It is equally important to continue monitoring and adjusting compensation to ensure that employees feel valued and driven to perform at their best. Therefore, when employees possess both a strong inherent drive and receive equitable remuneration, it can result in the highest level of employee performance, ultimately leading to enhanced overall productivity and success for the organization.

This discovery aligns with motivation theories such as Herzberg's Two-Factor Theory, which underscores the importance of intrinsic motivation factors in generating elevated job satisfaction. It also corresponds with Vroom's expectancy theory, which asserts that employees' expectations of the outcomes they will attain significantly impact their motivation to perform. Hence, it is strongly advised to adopt a comprehensive human resource management approach that balances the enhancement of intrinsic motivation with the offering of suitable compensation. This approach is crucial to enhancing employee performance in a fashion company located in the city of Bandung.

The research findings indicate that the variables of Intrinsic Motivation and Compensation have a combined influence on employee performance in a fashion company located in Bandung.

The calculation of the Coefficient of Determination reveals that the independent variables, Intrinsic Motivation, and Compensation, significantly contribute to the performance variables, accounting for 77%. Additionally, the epsilon value,  $\epsilon = 0.230$  or 23%, represents another factor that impacts employee performance but has not been studied.

In the context of a Fashion sector company in Bandung City, particularly in the Production Department, Intrinsic Motivation emerges as the most influential variable in driving employee performance. The company's inherent need for a high level of motivation to achieve its goals is met by these intrinsic motivation factors, which contribute to job satisfaction and increased productivity. Employees' ambition to meet company goals naturally leads to enthusiasm in their work, thereby enhancing their performance.

Employee performance can also be influenced by compensation. Offering sufficient remuneration will positively impact employees' motivation to enhance their performance, as it will make them feel valued and supported. Appropriate remuneration can also incentivize or inspire staff, resulting in elevated work morale and consequently leading to further improvements in performance.

Employee performance in this company is significantly influenced by Intrinsic Motivation, which acts as a catalyst for individuals to approach their work with enthusiasm and determination. Equally important is compensation, which plays a pivotal role in influencing performance. When employees receive appropriate and sufficient compensation,

they feel valued, leading to the development of work passion and, consequently, enhanced performance.

## CONCLUSION AND RECOMMENDATION

9 The findings of this study indicate that the combination of intrinsic motivation and compensation has a notable impact on the performance of employees in a fashion firm located in Bandung. Consequently, these two elements have the capacity to enhance employee performance concurrently. However, there are more factors that impact employee performance that were not investigated in this study. Additional elements may encompass work discipline, leadership, job stress, competency, and organizational culture.

Our research underscores the pivotal role of intrinsic motivation in boosting employee performance, surpassing the influence of compensation. Employees with a strong sense of intrinsic motivation, including job satisfaction, commitment to the organization, and a drive to succeed, consistently demonstrate superior performance.

However, compensation continues to be a significant issue that affects employee performance. Employees who see the comparison of income, benefits, and incentives as equitable and commensurate with their workload are more likely to be motivated to perform at a higher level. Equitable and competitive remuneration also enhances employee well-being, potentially boosting productivity and job excellence.

Ultimately, both internal motivation and financial rewards significantly impact employee performance. However, it's crucial for management to prioritize strategies that enhance employee intrinsic motivation. This can be achieved through programs and policies that boost job satisfaction, foster devotion to the organization, and cultivate a strong drive to achieve. Regular evaluation and modification of compensation schemes to ensure equity and competitiveness are also essential. By focusing on these two factors, firms can achieve maximum staff performance, leading to enhanced overall productivity and success.

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