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The Effect of Financial and Non-Financial Compensation on Employee Performance at PT PLN (Persero) UP3 Bima with Work Motivation as a Moderating Variable

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Abstract

This study aims to examine the effect of financial and non-financial compensation on employee performance by integrating work motivation as a moderating variable within the high-pressure operational environment of PT PLN (Persero) UP3 Bima. Managing human resources effectively in the public utility sector is critical, yet the impact of structural compensation often fluctuates due to significant operational burdens and technical pressures. This study specifically investigates whether work motivation can bridge the gap between compensation and optimal performance under such conditions, providing novel empirical evidence in a sector prone to burnout. Utilizing a quantitative survey design with a saturated sampling technique (census), data were collected from all 53 employees in 2023. The structural relationships and moderating effects were analyzed using Variance-Based Structural Equation Modeling (SEM-PLS). The empirical results demonstrate that both financial and non-financial compensation do not have a significant direct effect on employee performance. Conversely, work motivation is proven to be the sole significant predictor that directly enhances performance. Furthermore, work motivation fails to moderate the relationship between either compensation type and performance. These findings suggest that structural compensation is merely perceived as a transactional obligation, emphasizing the urgent need for management to prioritize strategies that foster internal motivation and psychological resilience.

Article Information

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1. PENDAHULUAN

In the era of globalization, the rapid dynamics of business competition compel every organization to formulate strategic planning to maintain its survival and competitive advantage (Maharani et al., 2023; Ayuningtyas, 2023). Within this contemporary business landscape, human resources (HR) occupy a central position as a vital asset that determines the success and sustainability of a company (Saptaria et al., 2021; Firmansyah et al., 2026; Asmawan & Rafica, 2025). The modern paradigm of HR management requires companies to no longer view employees merely as factors of production, but rather as strategic partners. This partnership necessitates fair treatment and proportional appreciation for their contributions,

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thereby fostering a reciprocal working relationship that culminates in enhanced employee dedication (Hasibuan, 2019; Mahmud & Sopiah, 2022).

One of the fundamental instruments in human resource management to maintain such partnerships is the compensation system. Conceptually, compensation constitutes the rewards or remuneration distributed by an organization to its workforce as a manifestation of appreciation for their contributions of time, effort, and intellect (Sinambela, 2018; Mahmud, 2025). Various studies in reputable, internationally indexed modern management literature (e.g., Scopus) confirm that the comprehensive administration of a compensation system serves as the primary architecture for ensuring employee retention and performance excellence in the industrial era (Permadi, 2020). This compensation scheme is classified into two primary dimensions: financial and non-financial compensation. Financial compensation encompasses direct monetary rewards such as base salary, allowances, and incentives (Mondy & Martocchio, 2016; Solihin et al., 2026). Meanwhile, non-financial compensation pertains to the psychological satisfaction and physical fulfillment derived from the work environment, health facilities, challenging tasks (interesting jobs), and a comfortable workplace ecosystem. The adequate management of both dimensions is intended to attract top talents, retain high-performing employees, and stimulate productivity ethically in accordance with prevailing regulations.

Empirically, an ideal compensation design is always oriented toward having a direct impact on the enhancement of employee performance. Performance itself is represented by the quality and quantity of work outcomes achieved by an individual or group within a specific period, executed in accordance with their respective authority and responsibilities (Afandi, 2018; Galu et al., 2025; Mahmud et al., 2023; Suryani, 2025; Nurul & Suhaety, 2026). The evaluation parameters of this performance encompass the accuracy of task completion, adherence to working hours, attendance discipline, as well as synergy and collaboration among teams (Farhah et al., 2020; Mahmud et al., 2025). From the perspective of Agency Theory, compensation functions as an alignment mechanism that integrates the interests of the company (principal) and the employees (agent), ensuring that agents operate optimally to achieve the company's strategic vision.

Although the theoretical framework promises a positive correlation, the dynamics of compensation implementation and its impact on performance frequently experience fluctuations when confronted with operational realities, particularly in the public utility sector. PT PLN (Persero) UP3 Bima, West Nusa Tenggara, as a vital State-Owned Enterprise (SOE), has implemented a structured compensation program with the expectation of maximizing work efficiency. Nevertheless, preliminary observations in the field indicate the presence of technical operational turbulence that threatens to degrade employee performance. Every personnel is constantly faced with heavy workloads and strict deadlines for task completion (Inegbedion et al., 2020), the complexity of which is often exacerbated by unstable network infrastructure and the limited upgrading of electronic work instruments.

These challenging operational conditions are further exacerbated by the unpredictable nature of off-duty hours due to the urgency of handling sudden technical disruptions in the field. The psychological burden of this routine has begun to trigger complaints, resulting in emotional exhaustion (burnout) and a decline in employees' workplace comfort (Purwanti et al., 2022). The gap between management's expectations for performance optimization and the reality of these operational pressures raises critical questions regarding the effectiveness of compensation. In highly stressful operational environments, adequate financial and non-financial compensation may not automatically sustain performance consistency without the presence of an intrinsic psychological driving factor from within the employees themselves (Prasetio et al., 2019).

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Therefore, a contingency variable is required to bridge and explain the dynamic relationship between compensation and performance amidst such work pressures, namely work motivation. Work motivation serves as a highly crucial moderating variable; the effectiveness of the compensation system in enhancing performance is believed to depend heavily on the extent of the employees' internal energy and drive to excel. Employees with high work motivation will interpret compensation as a manifestation of appreciation that ignites an extra fighting spirit to overcome various technical operational obstacles. Conversely, at low levels of motivation, high financial and non-financial compensation might merely be perceived as the company's routine transactional obligations, lacking the capacity to stimulate performance breakthroughs (Lutfiah et al., 2024; Putri et al., 2025).

The integration of work motivation as a moderating variable simultaneously addresses the research gap identified in global empirical studies. A Scopus-indexed study by Christy et al. (2020) previously demonstrated that financial and non-financial compensation exert a significant effect; however, the optimal threshold of such compensation strictly necessitates the presence of moderating variables (such as organizational culture or psychological conditions) to prevent its impact on performance from stagnating. In alignment with this, empirical findings by Hussain and Asif (2026) in the banking sector of a developing country also confirmed a positive linear correlation between the provision of compensation and the achievement of employee performance. However, these studies have yet to thoroughly explore how the interaction effect of psychological drive (motivation) might strengthen or conversely weaken the structural influence of compensation, particularly within the public infrastructure sector characterized by specific technical pressures and burnout risks, such as the electrical operations at PT PLN (Persero). The introduction of this moderating variable is anticipated to provide novelty and a more comprehensive depth of analytical evidence.

Based on the rationalization of the problem, the empirical gaps in the field, and the theoretical urgency outlined above, this study is structurally designed to investigate this phenomenon. Specifically, this research aims to examine “The Effect of Financial and Non-Financial Compensation on Employee Performance at PT PLN (Persero) UP3 Bima with Work Motivation as a Moderating Variable.” The scope of this investigation is exclusively focused on the employee population within the operational environment of PT PLN (Persero) UP3 Bima. Data collection will be conducted by adopting a quantitative survey research method through the distribution of scaled questionnaire instruments, with the objective of generating a valid empirical foundation for future managerial policy formulation.

2. METHODS

This study adopts a quantitative approach grounded in positivistic philosophy to empirically examine the causal relationships and interaction effects among variables (Sugiyono, 2019). The target population comprises all employees of PT PLN (Persero) UP3 Bima in the year 2023, totaling 53 individuals. Consequently, a saturated sampling technique, or census, was applied to minimize sampling error and optimize the capability for institutional generalization (Sugiyono, 2019). Primary data collection was conducted through the distribution of a structured 5-point Likert scale questionnaire to measure financial compensation, non-financial compensation, employee performance, and work motivation as a moderating variable (Ferdinand, 2014). All measurement indicators were strictly adapted from previous literature and contextualized to the managerial environment of public infrastructure to ensure high content validity.

Given the complexity of the conceptual model, which involves moderating interaction effects within a small sample size (n = 53), the data analysis was executed using Variance-Based

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Structural Equation Modeling (SEM-PLS) (Hair et al., 2019). The model evaluation was conducted in two sequential stages, commencing with the outer model (measurement model), wherein the reliability of discriminant validity was rigorously evaluated using the Fornell-Larcker criterion (Fornell & Larcker, 1981) and the Heterotrait-Monotrait (HTMT) ratio (Henseler et al., 2015). Subsequently, the evaluation of the inner model (structural model) focused on testing the significance of the direct and moderating effect hypotheses through a bootstrapping procedure. This stage also encompassed the evaluation of the model's explanatory power via the coefficient of determination (R^2), the assessment of each construct's essential contribution using the effect size metric (f^2) (Cohen, 1988), and the examination of the model's predictive relevance using the Q-square (Q^2) value through a blindfolding procedure (Hair et al., 2019; Stone, 1974; Geisser, 1975).

Table 1. Indicators and Measurements

Variable	Code	Measurement Indicators	Sources
Employee Performance (Y)	EP.1	Work quality: Level of accuracy and minimal errors	(Afandi, 2018)
	EP.2	Work quantity: Achievement of work volume	
	EP.3	Timeliness: Task completion according to deadlines	
	EP.4	Independence: Ability to work without intensive supervision	
Financial Compensation (X1)	FC.1	Appropriateness of monthly basic salary amount	(Mondy & Martocchio, 2016; Hasibuan, 2019)
	FC.2	Adequacy of allowances (transportation/meal)	
	FC.3	Fairness of incentives for achieving work targets	
	FC.4	Receipt of bonuses or profit-sharing	
	FC.5	Guarantee of insurance protection/health facilities	
Non-Financial Compensation (X2)	NFC.1	Level of physical comfort in the work environment	(Sinambela, 2018; Mondy & Martocchio, 2016)
	NFC.2	Completeness and adequacy of work facilities/equipment	
	NFC.3	Flexibility of schedules and working hours	
	NFC.4	Recognition and appreciation from superiors/colleagues	
	NFC.5	Opportunities for career development/training	
Work Motivation (M)	MW.1	Strong drive to achieve targets/work performance	(Mangkunegara, 2017; Robbins & Judge, 2017)
	MW.2	Level of initiative in solving work problems	
	MW.3	Sense of responsibility towards task completion	
	MW.4	Desire to advance and learn new technical skills	
	MW.5	Dedication to working time (perseverance)	
	MW.6	Involvement and commitment to teamwork	

Source: Previous Research, 2026

3. RESULTS AND DISCUSSION

Analysis Results

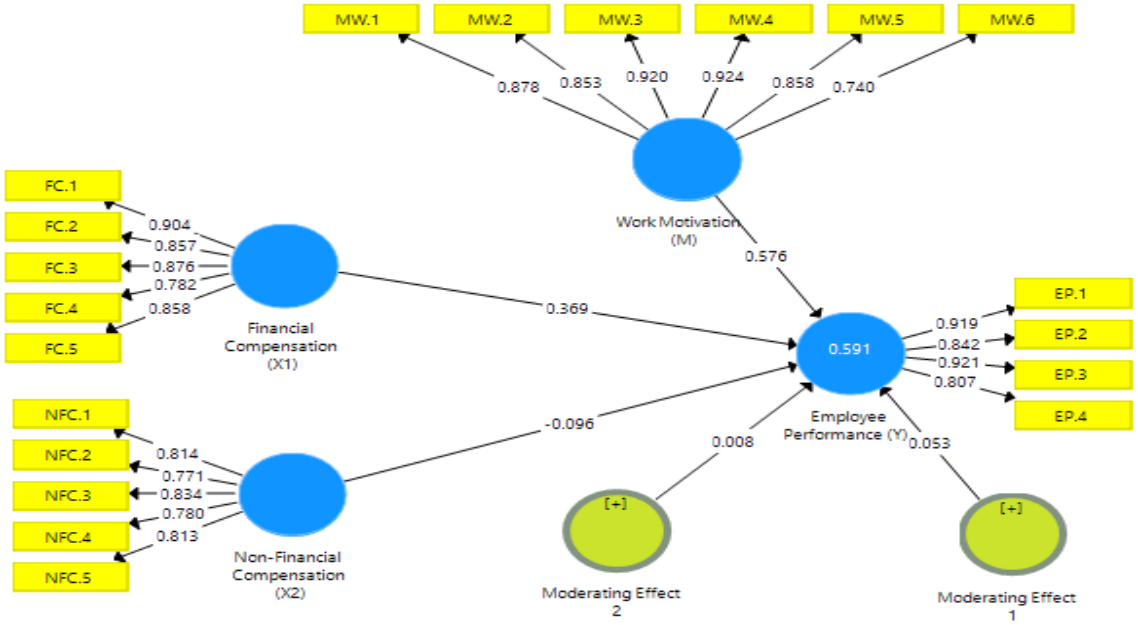
Overview of the Research Object and Respondents

The object of this study focuses on the operations of PT PLN (Persero) UP3 Bima, a State-Owned Enterprise (SOE) in the public utility sector that confronts distinct work dynamics characterized by significant workloads and specific electrical technical pressures. The respondents involved in this study encompass the entire employee population at the institution in the year 2023, totaling 53 individuals. Given the manageable size of the population, respondent selection was determined using a saturated sampling technique (census), which designates the entire population as the unit of analysis. This approach was employed to ensure that the research findings achieve maximum representation of the company's actual conditions and to strictly avert any sampling error.

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Figure 1. Measurement and Structural Models



Source: SEM-PLS Output, 2026

Table 2. Outer Loadings (Convergent Validity)

Variable	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Employee Performance (Y)	EP.1	0.919	0.895	0.928	0.763
	EP.2	0.842			
	EP.3	0.921			
	EP.4	0.807			
Financial Compensation (X1)	FC.1	0.904	0.910	0.932	0.733
	FC.2	0.857			
	FC.3	0.876			
	FC.4	0.782			
	FC.5	0.858			
Non-Financial Compensation (X2)	NFC.1	0.814	0.862	0.900	0.644
	NFC.2	0.771			
	NFC.3	0.834			
	NFC.4	0.780			
	NFC.5	0.813			
Work Motivation (M)	MW.1	0.878	0.931	0.946	0.747
	MW.2	0.853			
	MW.3	0.920			
	MW.4	0.924			
	MW.5	0.858			
	MW.6	0.740			

Source: Processed SEM-PLS data, 2026

Table 2 demonstrates that the measurement instruments for all four research variables are convergently valid and highly reliable. The validity criteria are satisfied, as all indicators possess outer loading values (0.740–0.924) and Average Variance Extracted (AVE) values (0.644–0.763) that exceed the standard threshold of 0.50. Furthermore, the reliability of the

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instruments is proven to be robust, with both Cronbach's Alpha and Composite Reliability values comprehensively positioned above the recommended threshold of 0.70.

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

Variable	Y	X1	X2	M
Employee Performance (Y)	0.874			
Financial Compensation (X1)	0.688	0.856		
Non-Financial Compensation (X2)	0.598	0.741	0.803	
Work Motivation (M)	0.730	0.737	0.802	0.864

Source: Processed SEM-PLS data, 2026

Table 3 demonstrates that all research variables have satisfied the discriminant validity criteria based on the Fornell-Larcker criterion. This is evidenced by the square root values of the Average Variance Extracted (AVE) on the main diagonal for each variable—namely Y (0.874), X1 (0.856), X2 (0.803), and M (0.864)—which are strictly greater than their correlation values with all other variables below them. Consequently, each variable is proven to be empirically distinct, ensuring that their measurement instruments do not suffer from conceptual overlap with one another.

Table 4. Discriminant Validity (Heterotrait-Monotrait Ratio / HTMT)

Variable	Y	X1	X2	M
Employee Performance (Y)				
Financial Compensation (X1)	0.741			
Non-Financial Compensation (X2)	0.681	0.833		
Work Motivation (M)	0.797	0.793	0.893	

Source: Processed SEM-PLS data, 2026

Table 4 presents the results of the discriminant validity testing using the Heterotrait-Monotrait (HTMT) ratio approach. All HTMT correlation values among the variables within this model are observed to fall strictly below the recommended maximum threshold of 0.90, with the highest value recorded at 0.893 for the relationship between Work Motivation and Non-Financial Compensation. These findings reaffirm that all variable instruments possess excellent discriminant validity, thereby guaranteeing that each construct is empirically unique and completely devoid of measurement overlap issues.

Table 5. Structural Model Quality Evaluation (Inner Model)

Variable	R Square	R Square Adjusted	Q Square
Employee Performance (Y)	0.591	0.548	0.409

Source: Processed SEM-PLS data, 2026

Table 5 presents the evaluation results of the structural model (inner model) quality. The R-square (R^2) value of 0.591 indicates that 59.1% of the variance in the Employee Performance (Y) variable can be simultaneously explained by the variables within this research model, while the remaining variance is accounted for by other factors outside the model. Furthermore, the Q-square (Q^2) value of 0.409 (greater than zero) confirms that this structural model possesses robust predictive relevance for anticipating new observations.

Table 6. Effect Size (f^2)

Path	f Square	Effect Size Category
Financial Compensation (X1) → Employee Performance (Y)	0.115	Small

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Non-Financial Compensation (X2) → Employee Performance (Y)	0.005	Very Small
Work Motivation (M) → Employee Performance (Y)	0.212	Moderate
Moderating Effect 1 → Employee Performance (Y)	0.002	Very Small
Moderating Effect 2 → Employee Performance (Y)	0.000	No Effect

Source: Processed SEM-PLS data, 2026

Table 6 presents the results of the effect size (f^2) assessment, which functions to evaluate the essential contribution of a predictor variable's influence on the structural model based on Cohen's (1988) criteria, wherein f^2 values are categorized into small (0.02), medium (0.15), and large (0.35) effects. Based on these benchmarks, Work Motivation is proven to exert a medium structural impact with a value of 0.212, whereas Financial Compensation provides a small impact (0.115) on employee performance. Conversely, the f^2 values for Non-Financial Compensation, along with both of its moderating interactions, are recorded below the minimum threshold of 0.02. This indicates that the substantive contribution of these variables to the overall model is exceedingly small and can therefore be considered negligible.

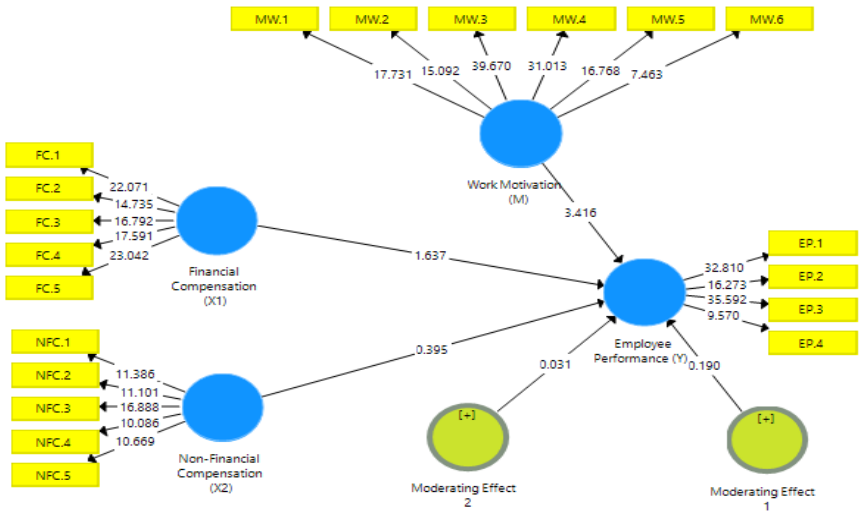
Table 7. Model Fit

	Saturated Model	Estimated Model
SRMR	0.076	0.077
d_ULS	1.229	1.250
d_G	0.977	0.974
Chi-Square	259.174	260.593
NFI	0.753	0.751

Source: Processed SEM-PLS data, 2026

Table 7 demonstrates that the structural model in this study exhibits a good fit with the empirical data. This is evidenced by the primary indicator, the SRMR value of 0.077, which falls strictly below the maximum acceptable threshold (< 0.08). Furthermore, this robust fit is corroborated by other goodness-of-fit evaluation parameters, such as d_ULS, d_G, Chi-Square, and the NFI (0.751).

Figure 2. Path Coefficient



Source: SEM-PLS Output, 2026

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Table 8. Path Coefficients (Hypothesis Testing)

Hyp.	Hubungan Antar Variabel	Original Sample	T Statistics	P Values	Decision
H1	Financial Compensation → Employee Performance	0.369	1.637	0.102	Rejected
H2	Non-Financial Compensation → Employee Performance	-0.096	0.395	0.693	Rejected
H3	Work Motivation → Employee Performance	0.576	3.416	0.001	Accepted
H4	Moderating Effect 1 → Employee Performance	0.053	0.190	0.850	Rejected
H5	Moderating Effect 2 → Employee Performance	0.008	0.031	0.976	Rejected

Source: Processed SEM-PLS data, 2026

Table 8 presents a summary of the hypothesis testing results (path coefficients) for the structural model. Based on the analysis, only the third hypothesis (H3) is supported, demonstrating that Work Motivation has a positive and significant effect on Employee Performance with a *p*-value of 0.001 (< 0.05). Conversely, the remaining four hypotheses are not supported, as their *p*-values considerably exceed the 0.05 significance threshold. This indicates that neither Financial Compensation (H1) nor Non-Financial Compensation (H2) exerts a significant direct effect on employee performance. Furthermore, Work Motivation fails to moderate (Moderating Effects 1 and 2) the impact of both compensation variables on employee performance (H4 and H5).

Discussion

The Effect of Financial Compensation on Employee Performance (H1)

Based on the structural data analysis presented in Table 8, the first hypothesis (H1), which posits that Financial Compensation affects Employee Performance, is not supported. The obtained *p*-value of 0.102 exceeds the 0.05 significance threshold, despite a positive path coefficient (0.369). This finding indicates that financial compensation does not exert a significant direct effect on enhancing employee performance at PT PLN (Persero) UP3 Bima. This empirical result contrasts markedly with the fundamental tenets of Agency Theory, which principally projects compensation as both a conflict-resolution instrument and a rational stimulant capable of aligning interests and spurring the performance of the agent (employee). This suggests that in an operational reality fraught with technical pressures, such as the public electricity sector, the magnitude of monetary incentives alone is insufficient as psychological compensation for the workload endured.

Despite contradicting mainstream theoretical perspectives, the non-supported status of H1 aligns with the research gap frequently encountered in empirical studies within utility sectors characterized by high work pressure. As highlighted by Christy et al. (2020), the effectiveness of providing compensation often reaches a point of stagnation and fails to translate into optimal performance if it is not underpinned by adaptive psychological conditions and organizational culture. This condition is further reinforced by preliminary observations highlighting heavy workloads, fluctuating operational hours due to the urgency of technical disruptions in the field, and limited supporting infrastructure, all of which potentially trigger burnout (Inegbedion et al., 2020). Therefore, in the context of PT PLN (Persero) UP3 Bima, the enhancement or equitable distribution of financial compensation tends to be perceived merely as a routine transactional obligation of the company. It lacks the

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substantive driving force required to escalate dedication and performance achievements, unless employees possess exceptionally strong internal drive (motivation).

The Effect of Non-Financial Compensation on Employee Performance (H2)

In line with the results of the first hypothesis test, the analysis in Table 8 also demonstrates that the second hypothesis (H2), which postulates the effect of Non-Financial Compensation on Employee Performance, is not supported. This is evidenced by a *p*-value of 0.693, which considerably exceeds the 0.05 significance threshold, and is marked by a negative path coefficient (-0.096). These findings empirically prove that the provision of non-financial compensation—such as facility improvements, schedule flexibility, and a comfortable work environment—fails to exert a significant direct impact on enhancing employee performance at PT PLN (Persero) UP3 Bima. This analytical fact contradicts the conceptual framework of human resource management, which views the fulfillment of psychological satisfaction and a comfortable work ecosystem as fundamental instruments for ethically driving productivity (Mondy & Martocchio, 2016; Sinambela, 2018).

The non-supported status of this hypothesis becomes highly rational when reflected upon through the reality of the complex operational dynamics within this public utility sector. Electricity workers are constantly confronted with strict task completion deadlines, unstable network infrastructure, and the urgency of addressing sudden technical disruptions in the field, which often makes their clock-out times highly unpredictable (Inegbedion et al., 2020). In situations characterized by operational crises and high work pressure (burnout), the availability of normative non-financial compensation from management is not yet capable of automatically counterbalancing the employees' physical exhaustion and psychological burden. These field conditions align with and corroborate the arguments from prior studies by Christy et al. (2020), asserting that the effectiveness of compensation schemes is vulnerable to stagnation in the absence of support from other contingency variables. This implies that non-financial compensation will not directly impact performance unless it is bolstered by a stronger internal psychological drive from the employees themselves to persevere through massive field workloads.

The Effect of Work Motivation on Employee Performance (H3)

Based on the structural analysis results in Table 8, the third hypothesis (H3), which examines the effect of Work Motivation on Employee Performance, is convincingly supported. This is evidenced by a *p*-value of 0.001, which falls well below the 0.05 significance level, and is further corroborated by a prominent positive path coefficient of 0.576. This empirical finding confirms that work motivation exerts a positive and highly significant direct effect in driving the enhancement of employee performance within the operational environment of PT PLN (Persero) UP3 Bima. These results are highly coherent with fundamental postulates in organizational behavior and human resource management studies, which underline that internal psychological drive is the most essential catalyst for individuals to possess a desire for achievement, take initiative in problem-solving, and maintain dedication and a sense of responsibility toward their tasks (Mangkunegara, 2017; Robbins & Judge, 2017).

The efficacy of work motivation as the primary predictor determining performance becomes highly logical when contextualized within the challenging operational reality at PT PLN (Persero) UP3 Bima. Amidst the complexity of strict task completion deadlines, network infrastructure vulnerabilities, and the routine of handling sudden electrical disruptions, employees urgently require extra internal energy to avoid physical and mental exhaustion (burnout). Employees possessing a high level of work motivation are proven to exhibit the perseverance and psychological resilience necessary to adapt and overcome various technical obstacles in the field, thereby ensuring that both the quality and quantity of their performance

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are consistently maintained. This causal proof simultaneously confirms and enriches the array of previous empirical studies by Farhah et al. (2020), Lutfiah et al. (2024), and Putri et al. (2025), which unanimously conclude that motivational energy is the most robust determinant instrument in boosting performance achievement, even capable of surpassing the effects of mere structural compensation incentives.

The Moderating Role of Work Motivation on the Relationship Between Financial Compensation and Employee Performance (H4)

Based on the structural analysis results in Table 8, the fourth hypothesis (H4), which postulates the role of work motivation in moderating the effect of financial compensation on employee performance (Moderating Effect 1), is not supported. This decision is based on the obtained *p*-value of 0.850, which falls considerably above the 0.05 significance threshold. Furthermore, the model quality evaluation in Table 6 also confirms that the contribution of this moderating interaction possesses a very small effect size (f^2) value of merely 0.002 (which is negligible). These statistical findings empirically prove that the level of work motivation possessed by the employees of PT PLN (Persero) UP3 Bima fails to function as a catalyst to either strengthen or weaken the impact of financial compensation on their performance achievement.

The non-supported status of this moderation hypothesis provides crucial theoretical and practical insights regarding the dynamics of human resource management in the public electricity utility sector. Although work motivation independently proves to be the primary predictor determining performance (H3), this internal drive variable is evidently unable to bridge the ineffectiveness of financial compensation (H1). The failure of this interaction effect indicates that current financial compensation instruments—such as salaries and allowances—tend to be strictly interpreted purely as the fulfillment of routine transactional obligations or merely as basic administrative rights (hygiene factors). Consequently, when employees are faced with heavy workloads, strict deadlines, and the routine of repairing field disruptions, their burning internal motivation is directly channeled purely into accomplishing these technical responsibilities independently, rather than being utilized to "reinterpret" the value of the company's financial compensation. This finding simultaneously addresses the research gap from the study by Christy et al. (2020) by affirming that in work environments with a high risk of burnout, even the presence of psychological drive is not sufficiently elastic to strengthen the structural effectiveness of financial compensation.

The Moderating Role of Work Motivation on the Relationship Between Non-Financial Compensation and Employee Performance (H5)

Similar to the previous moderation testing results, the structural analysis in Table 8 demonstrates that the fifth hypothesis (H5), which examines the moderating role of work motivation on the effect of non-financial compensation on employee performance (Moderating Effect 2), is also not supported. This decision is based on the obtained *p*-value of 0.976, which considerably exceeds the 0.05 significance threshold. Furthermore, the model fit evaluation in Table 6 corroborates that this moderating interaction possesses an effect size (f^2) value of 0.000, signifying that it contributes absolutely no structural effect to the model. These statistical findings empirically affirm that the level of work motivation lacks the capacity to strengthen, bridge, or influence the impact of non-financial compensation on the escalation of operational performance at PT PLN (Persero) UP3 Bima.

The non-supported status of this moderation hypothesis reveals a unique yet highly rational organizational phenomenon within the technically demanding work environment of the public electricity sector. Although human resource management theory assumes that

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physical facilities or schedule flexibility can ethically spur productivity (Sinambela, 2018), operational realities in the field—such as the urgency of handling sudden network disruptions and fluctuating working hours—actually make it difficult for the benefits of such non-financial compensation to be optimally perceived (Inegbedion et al., 2020). In these operational crisis situations, high internal work motivation acts purely as an independent performance driver, incapable of being utilized to convert or "rescue" the ineffectiveness of non-financial compensation from management. This simultaneously enriches the moderation study literature by Christy et al. (2020) by proving that in work ecosystems with a high risk of burnout, psychological drive, no matter how strong, is not always elastic enough to be forced into interaction with structural compensation variables that are inherently already ineffective (H2).

4. CONCLUSION

This study aims to examine the dynamics of the effect of financial and non-financial compensation on employee performance by integrating work motivation as a moderating variable within the environment of PT PLN (Persero) UP3 Bima. Based on the empirical testing results, it is found that the provision of both financial and non-financial compensation is not proven to directly enhance employee performance achievement. This indicates that formal compensation schemes from management tend to be interpreted merely as routine transactional obligations or basic administrative rights that are not yet commensurate with the high technical pressures and operational workloads in the field. Conversely, work motivation is convincingly proven as the sole primary determinant that directly boosts performance escalation. Furthermore, work motivation also fails to execute its role as a moderating variable. This implies that regardless of how high the employees' internal psychological drive is, it cannot be utilized to bridge, let alone strengthen, the ineffectiveness of the financial and non-financial compensation systems on their performance.

The managerial implications of these findings demand that the management of PT PLN (Persero) UP3 Bima no longer rely solely on structural compensation instruments in managing its human resources. The company needs to design empathy-building strategies and humanistic approaches focused directly on maintaining employees' psychological resilience and internal motivation to prevent burnout caused by operational exhaustion.

However, it is important to acknowledge several limitations of this study. The research was conducted using a relatively small sample size (n = 53) and a highly specific scope, focusing exclusively on a single regional branch (PT PLN UP3 Bima). These factors limit the generalizability of the findings. The results might differ significantly if the study were to be replicated within a utility organization located in a metropolitan area with different environmental and workload dynamics.

Therefore, for future research, it is suggested that scholars address these limitations by expanding the geographical scope and sample size, as well as exploring other contingency variables more relevant to physical environmental pressures, such as work stress, occupational safety culture, or transformational leadership. Additionally, upcoming studies are highly recommended to employ a mixed-methods approach to delve into the qualitative meanings and profound reasons underlying the ineffectiveness of compensation systems within this public electrical infrastructure sector.

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