

# Effect of Financial Compensation and Flexible Working Arrangement on Performance of Gojeks Driver

Shihabuddin, Lulu Sukma Kinanti

Faculty of Economics, Universitas Negeri Malang, Indonesia syihabudhin.fe@um.ac.id,lulu.sukma.1704136@students.um.ac.id,

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#### ABSTRACT

Human Resources (HR) is an important factor in the management of a company, in human resource management the role of workers or employees is an important element in achieving company goals. With the abilities possessed by employees, it will become the existence of the organization in the future, therefore companies are required to create high and quality employee performance. With quality performance the company's image will be seen as good and more people will be interested in using the services or products issued by the company. This research is the quantitative research using descriptive and explanatory research design. The independent variable in this study is financial compensation (X1) and Flexible Working Arragement (X2), while the dependent variable in this study is Employee Performance (Y), the population taken in this study is the Gojek Driver in Ternate City. The samples taken in this study were 143 respondents, then tested the feasibility of the instrument using validity and reliability tests. The analysis technique uses descriptive statistical analysis, classical assumption test and multiple linear regression analysis. By using an alpha value of 5%, hThe hypothesis testing shows the results that Financial Compensation has a significant effect on employee performance, and Flexible Working Arrangement so has a significant effect on employee performance.

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## **INTRODUCTION**

Labor is an important factor in managing a company, especially in efforts to achieve company goals. With the ability that employees have, it will be an important element to maintain the company's existence in the future. Therefore, management is demanded to be able to realize high and quality employee performance. Employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Mangkunegara, 2009:18). Performance is a management process or an organization as a whole, where the work results must be shown concretely and can be measured (Sedarmayanti, 2011:

Based on the literature review, both theoretically and empirical research results, there are two factors that are quite important to note as a determinant of the success of the performance of the workforce. The two factors are compensation and job design. Compensation can be used as a tool to motivate employees to improve employee performance and to refer employees to play an active role in achieving company goals. Compensation is something employees receive as a substitute for their service contribution to the company

(Rivai, 2004:154). Financial compensation consists of direct compensation and indirect financial compensation direct financial compensation consists of employee payments in the form of wages, salaries, bonuses or commissions. Indirect financial compensation or benefits are all payments that are not covered by direct finance which includes vacations, various types of insurance services such as care, treatment and so on. (Rivai and Sagala, 2003: 741). Good compensation management will affect employee performance (Grabara, 2013; Iskamto, 2022; Iskamto, Aftanorhan, et al., 2022; Iskamto, Ghazali, et al., 2022; Karim, 2022; Munaty et al., 2022). The second factor that can determine performance is job design, which shows how a job is designed in such a way that it is quite suitable for the typical worker and can maximize the achievement of performance targets. One of the job designs implemented by the company is to implement a flexible work system that makes it easier for employees to carry out their duties and obligations. Work flexibility, or better known as Flexible Working Arrangements (FWA), is a schedule arrangement that allows employees to manage their working hours with personal responsibility, for example how long, when and where they start working, setting working hours. Flexible working arrangement is an alternative choice given to determine the schedule and place of work (Rau & Hyland, in Simanjuntak, et al, 2019). Forms of flexible working arrangements such as flex-time, telecommuting, and job-sharing (Allen et al, in Fitriani, et al, 2018; (Adeyemi, 2022; Agusra et al., 2021; Iskamto et al., 2020; Iskamto, Ghazali, et al., 2022; Misdawita & Utami, 2022; Puspitawati & Atmaja, 2020))

The flexible working hour system is currently implemented by online transportation service companies in Indonesia, one of which is Gojek, Gojek drivers have the freedom to set their own working hours according to the needs and abilities of the drivers. Based on the results of a brief interview with one of the gojek drivers, the flexible working hours that are implemented help drivers carry out and complete work according to the needs of drivers, drivers are not bound by working hours and can also manage time between personal life and work

PT. Gojek Indonesia as the first online motorcycle taxi company in Indonesia and is a pioneer in the field of online motorcycle taxis, entered Ternate and began operating in 2019, and until now has become the leading online motorcycle taxi company in Ternate. By becoming the first online ojek company in Ternate, gojek drivers are required to have good performance and good skills to maintain their existence amid the many competitors today. To maintain driver performance and bind drivers, GoJek provides financial compensation consisting of direct financial compensation and indirect financial compensation. Based on the results of an interview with one of the gojek drivers in the city of Ternate, the direct income received was IDR 11.000 orders and divided by 2 with the gojek, which is 20% for the gojek and 80% for the driver. So the net income received is 8,800 and the indirect financial compensation received is a rating and reward in the form of points which will be converted into cash if the driver reaches the daily target or daily points, as well as a work safety program where Gojek works with insurance companies Allianz and Employment BPJS. In addition, drivers are facilitated by implementing flexible working hours or work flexibility that can assist drivers in getting orders and completing them according to driver needs and targets. 800 and indirect financial compensation received, namely ratings and rewards in the form of points which will be converted into cash if the driver reaches the daily target or daily points, as well as a work safety program in which Gojek cooperates with insurance company Allianz and BPJS Employment. In addition, drivers are facilitated by implementing flexible working hours or work flexibility that can assist drivers in getting orders and completing them according to driver needs and targets. 800 and indirect financial compensation received, namely ratings and rewards in the form of points which will be converted into cash if the driver reaches the daily target or daily points, as well as a work safety program in which Gojek collaborates with insurance company Allianz and BPJS Employment. In addition, drivers are facilitated by the application of flexible working hours or work flexibility that can assist drivers in getting orders and completing them according to the needs and targets of the driver.

#### LITERATURE REVIEW

The results of previous studies show that compensation has a significant positive effect on performance and job satisfaction has a significant positive effect on performance. Taken together, compensation, work flexibility and job satisfaction have a significant positive effect on performance (Angga Dwi, 2019). Flexible working hours have a high impact on employee performance and also improve work balance (Sabiha, 2017). Work flexibility has a significant effect on employee performance (Chris, 2017). Salary does not affect employee performance, flexible working hours affect employee performance, work stress affects employee



performance (Mafaida and Ramadhan, 2018). Flexible working arrangement has a positive effect on work life balance (Pandiangan, 2018).

#### 1.1. Performance

performance is the result of work in quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to the company (Mangkunegara, 2007: 67). Performance is actions or execution of tasks that have been completed by a person or group of people within a certain time and can be measured (Swasto, 2011: 26). Employee performance as output, efficiency and effectiveness are often associated with productivity (Gomes in Mangkunegara, 2007: 9). Performance refers to the level of success in carrying out tasks and the ability to achieve company goals that have been set, performance is declared good and successful if the desired goals can be achieved properly (Donnelly, Gibson and Ivancevich in Riva, 2004).

The work of a worker that can be seen and measured in quality and quantity as a form of completion of the tasks or responsibilities assigned to him. Performance indicators according to Mangkunegara in Arianty (2015) include (1) Quality of work, which reflects an increase in quality and work standards that have been determined previously, usually accompanied by increased capabilities and economic value. (2) The quantity of output, which reflects the increase in the volume or number of a unit of activity that produces goods in terms of quantity. The quantity of work can be measured through the addition of physical value and goods from the previous results. (3) Whether or not it is reliable, which reflects how a person completes a job assigned to him with a high level of accuracy, willingness and enthusiasm, (4) Cooperative attitude,

There are several factors that can affect employee performance, which according to Mangkunegara (2010:15) can be identified (1) Internal factors, namely factors associated with a person's traits, for example, a person's performance is good because he has high abilities and someone is a type of worker. hard, while someone who has low performance is because the person does not have the effort to improve his ability. (2) External factors, namely factors that affect a person's performance from the environment, such as the behavior, attitudes, and actions of colleagues, subordinates or leaders, work facilities, work benefits and organizational climate. In addition, Handoko (2001: 93) also mentions that among the determinants of performance there are (1) Working conditions, namely the workplace, ventilation and lighting in the work space. (2) Compensation system, which is a form of remuneration received by employees for what they have done for the company. (3) Compensation, which must be given fairly and correctly in accordance with the performance that has been carried out by employees, and (4) Job design, namely the function of determining the work activities of an individual or group of employees organizationally. Job design must be clear so that employees can work well in accordance with the work that has been given to them. Job design must be in accordance with the abilities of employees, so that employees can easily understand, carry out and complete the tasks or work given in accordance with predetermined company targets, which is a form of remuneration received by employees for what they have done for the company. (3) Compensation, which must be given fairly and correctly in accordance with the performance that has been carried out by employees, and (4) Job design, namely the function of determining the work activities of an individual or group of employees organizationally. 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Job design must be in accordance with the abilities of employees, so that employees can easily understand, carry out and complete the tasks or work given in accordance with predetermined company targets.

#### **Financial Compensation**

Compensation as any form of appreciation given to employees as remuneration for the contributions they make to the organization (Panggabean, 2005:181). Compensation is remuneration provided by organizations or companies to employees that are financial or non-financial, either directly or indirectly in a fixed period (Mukaram and Mawansyah, 2000: 127. Based on these two definitions, compensation in this study is defined as all forms of compensation received by employees for services that have been provided by companies that are financial, either directly or indirectly.

According to Umar (2007: 16) several types of compensation that are commonly used by company management in appreciating their employees include (1) Salary, namely compensation given by employers to employees, whose receipts are routine and fixed every month even though they do not come to work but the salary will be still fully accepted. (2) Incentives, awards given to motivate workers so that their work productivity is high, are not fixed or intermittent in nature. (3) Bonus, a lump sum payment given for meeting performance targets. (4) Wages, payments given to employees based on working hours or length of work. (5) Premium, something that is given as a gift or charity or something that is paid extra as an additional payment above the normal payment. (6) Treatment, is the provision of services in managing risks related to employee health. (7) Insurance, is a risk management for losses, loss of benefits and legal liability to third parties arising from uncertain events.

#### **Flexible Working Arrangements**

The concept of flexibility has a different meaning for each company and employees where flexibility can be in terms of working hours, work locations and work patterns. The application of flexible working hours is able to provide a wider allocation of time for personal work needs. According to Wright and Nishii (in Purcell and Hutchinson, 2007) a flexible working arrangement is a schedule that allows employees to adjust their working hours flexibly with their personal responsibilities, for example, how long, where, and when they start working. Examples include flex time, job-sharing, part-time, home working, and compressed hours. Flexibility in working hours includes alternative work schedules such as working hours that are arranged according to the desired schedule, flexibility in working hours includes work from home or a location that can be anywhere to do work. Flex time is one of the practices in implementing a flexible working arrangement that is professional and directed to work a certain amount with the flexibility applied to be able to arrange when to start work and when to end work as long as employees can fulfill the number of working hours set by the company. Based on the above understanding, it can be concluded that the flexibility of working hours or the flexible working arrangement is the application of working hours that can be arranged at any time according to the needs of employees,

The indicator or model of work flexibility according to Possenried and Plantega in (Wicaksono, 2019) has three categories in general, namely: 1) Flexibility in scheduling (scheduling), 2) Flexibility in location (telehomeworking) and 3) Flexibility in time (part-time). Schedule flexibility or flexible work scheduling means choosing a place and time to work, both formal and informal, which facilitates employees in the policy of how long (time flexibility), when (timing flexibility) and where (place flexibility) employees work (Carlson et al, 2010). Time Flexibility, namely the flexibility of employees in modifying the duration of work. Timing



flexibility, namely the flexibility of employees in choosing their work schedule. Place flexibility, namely the flexibility of employees in choosing their place of work

### **RESEARCH METHODS**

This study uses explanatory research where the method used aims to explain the effect of the independent variables (X1) and (X2) on the dependent variable (Y). The approach used in this research is a quantitative approach, which is a process of finding knowledge by using data in the form of numbers as a tool to find information about what you want to know. There are three variables used in this study, namely driver performance as the dependent variable, financial compensation and flexible working arrangements (FWA) each as an independent variable. The research sample was 143 respondents, with purposive sampling, namely the criteria for motorcycle taxi drivers who had worked for 6 (six) months in the city of Ternate. Hypothesis testing is done using multiple regression,

#### **RESULTS AND DISCUSSION**

Based on research on 143 Gojek driver respondents in Ternate City, the general description of the respondents was 134 people (93.7%) male respondents, and 9 people (6.3%) female. Drivers who have worked for 6 months – 1 year are 81 people (56.63%). While respondents with a length of work 1.5 years - 2 years as many as 30 people (20.98%). The results of the descriptive analysis for each variable based on the respondents' answers are as follows.

a. Financial compensation variable

Obtain a value of grand meanof 3.02 onesmeans that the financial compensation provided by Gojek is in the good category and Gojek drivers are satisfied with the compensation received. In this study, there are four indicators used to measure financial compensation in this study, namely, wages and salaries, bonuses, treatment, and insurance. The results of descriptive analysis in the form of the number of frequencies described by research in the financial compensation category have the highest mean level on item X1.6 with the statement "The bonus I received made me want to further improve my performance". application usage, and the number of orders within 24 hours and the lowest mean value on item X1.9 with the statement "The company provides insurance according to driver needs". Because according to the Gojek driver, the insurance that must be claimed in the event of a work accident is a bit difficult for the driver and the company is considered to make it difficult for the driver to get the insurance. Then the grand mean value means that financial compensation in the form of wages and bonuses meets the driver's expectations and can affect the driver's performance

b. Variable Flexible Working Arrangement

Get g . value*rand mean* of 3.05 which means that the Flexible Working Arrangement is well implemented and makes it very easy for drivers to carry out work. In this study, there are three indicators used to measure Flexible Working Arrangements, namely time flexibility, timing flexibility and place flexibility. The results of the descriptive analysis in the form of the number of frequencies described by research in the flexible working arrangement category have the highest mean level in item X2.1 with the statement "Flexible working hours really help me carry out work" and the lowest mean value in item X2.2 with the statement "Flexible working hours Flexible work makes me satisfied with the wages I receive.

The application of flexible working hours makes drivers feel helped and makes it easier for gojek drivers to work every day, gojek drivers are free to set when and where to start work and also gojek drivers understand when it's time to get lots of customers or what can be called productive hours for drivers. The number of gojek drivers spread across the city of Ternate is 500 drivers. With the flexible working hours, drivers do not fight over customers with other drivers because the drivers themselves manage their working time and productive hours when to activate the application and when to turn off the application. so that the application of flexible working hours helps drivers and becomes productive.

c. Employee performance variables (Drivers)

Obtain a value of grandmeanas big as 3,18which means that the performance of Gojek drivers in Ternate City is quite good in serving customers on a daily basis. The results of descriptive analysis in the form of the number of frequencies described by research in the employee performance category (driver) have the

highest mean level on item Y.2 with the statement "I get a good rating from customers (5 stars)" and the lowest mean value on item Y.5 with the statement "In a week, I always maximize 6 working days". Then the grand mean value means that the performance of Gojek drivers in the city of Ternate is in the good category in serving customers.

#### Validity test

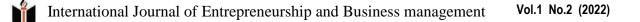
Table 1: Validity Test Results					
Variable	Items	r count	r table	Information	
	Item 1	0.851	0.360	Valid	
	Item 2	0.750	0.360	Valid	
	Item 3	0.768	0.360	Valid	
	Item 4	0.803	0.360	Valid	
Financial	Item 5	0.702	0.360	Valid	
	Item 6	0.737	0.360	Valid	
Compensation	Item 7	0.819	0.360	Valid	
	Item 8	0.667	0.360	Valid	
	Item 9	0.504	0.360	Valid	
	Items 10	0.652	0.360	Valid	
	Item 1	0.860	0.360	Valid	
	Item 2	0.834	0.360	Valid	
	Item 3	0.748	0.360	Valid	
Flexible Working	Item 4	0.840	0.360	Valid	
Arrangement	Item 5	0.857	0.360	Valid	
-	Item 6	0.860	0.360	Valid	
	Item 7	0.858	0.360	Valid	
	Item 8	0.788	0.360	Valid	
	Item 1	0.856	0.360	Valid	
	Item 2	0.852	0.360	Valid	
	Item 3	0.811	0.360	Valid	
Employee	Item 4	0.808	0.360	Valid	
Performance (Drivers)	Item 5	0.777	0.360	Valid	
	Item 6	0.813	0.360	Valid	
	Item 7	0.851	0.360	Valid	
	Item 8	0.852	0.360	Valid	
	Item 9	0.858	0.360	Valid	

Based on Table 1, it is known that all variable items have r = r = r table, it can be concluded that the research instrument or research questionnaire is said to be valid.

#### **Reliability Test**

In addition to the validity test, the research instrument reliability test was also carried out. Reliability test was conducted to find out whether the instrument used can be trusted and can be used several times for the same object and produces accurate data.

Table 2: Reliability Test Results					
Variable		Numb er of Cronbach'		Informatio	
		ems	s Alpha	y Criteria	n
Financial Compensation	10	)	0.897	0.600	Reliable
Flexible Wor Arrangements	king 8		0.935	0.600	Reliable



Employee (Drivers)	Performance	11	0.955	0.600	Reliable

Based on Table 2, it can be concluded that all variables in the research instrument, namely Financial Compensation, Flexible Working Arrangement, have Cronbach's Alpha of more than 0.600. Thus, all research variable items are declared reliable.

#### **Multicollinearity Test**

To detect the presence or absence of multicollinearity can be seen from the Variance Inflation Factor (VIF). If the VIF value is > 10, it indicates the presence of multicollinearity. And if on the contrary, VIF < 10, then there is no multicollinearity as shown in Table 3 below.

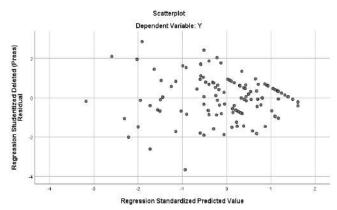
Table 3: Multicollinearity Test Results			
Independent Variable	VIF	Information	
X1 Financial Compensation	1,148	Non Multicollinearity	
X2 FWA	1,148	Non Multicollinearity	

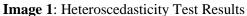
<b>Table 3</b> : Multicollinearity Test Results
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Based on the results of the calculations contained in the table above, each independent variable shows a VIF value that is not more than a value of 10, so the assumption of no multicollinearity has been met.

#### **1.2. Heteroscedasticity Test**

Detection of the presence or absence of heteroscedasticity can be done by looking at the presence or absence of a certain pattern on the scatterplot graph, where the Y axis is the predicted Y, and the X axis is the residual (Y predicted – Y actually). If there is a certain regular pattern, such as the dots forming a regular pattern (wavy, widening and then narrowing), it indicates that heteroscedasticity has occurred. If there is no clear pattern, and the points spread above or below the number 0 on the Y axis, then there is no heteroscedasticity. The results of the heteroscedasticity test can be seen in the following scatterplot graph.





Based on Figure 1, the scatterplot graph above shows that the points spread randomly and are scattered both above and below the number 0 on the Y axis, thus it can be concluded that there is no heteroscedasticity

#### **Multiple Linear Regression Analysis**

Analysis with multiple linear regression method is used to determine whether there is influence of the independent variable on the dependent variable. So that what is sought is the influence of the independent variable, namely Financial Compensation (X1) and Flexible Working Arrangements (X2) on the dependent variable, namely Employee Performance (Y). Processing data using multiple linear regression analysis, carried

out several stages to find the relationship between the independent and dependent variables. Based on the results of data processing using SPSS software, a summary is obtained as in the following table.

Table 5: Multiple Regression Test Results				
Variable	β	t-count	significant	Information
	coefficient			
Constant	2,995			
X1	0.466	6,534	0.000	Significant
X2	0.735	9,751	0.000	Significant
lpha = 0.05 (5%)				
R = 0.775				
R Square $= 0.601$				
F-Count = 105,389				
F-Table = 3,061				
Sig $F = 0.000$				
t-table = 4,303				

Table 5. Multiple Regression Test Results

The regression model obtained based on the table above is as follows:

Y = 2.995 + 0.466 X1 +0.735 X2

where :

- Y :Gojek Driver Performance
- X1 :Financial Compensation
- X2 :Flexible Working Arrangements

The interpretation of the regression model in the table above is as follows:

1. *0*= 2.995

This regression coefficient shows that if there is no influence from the independent variables (financial compensation and flexible working arrangements), then the performance of gojek drivers has a positive or good value.

2.  $\beta l = 0.466$ 

This regression coefficient shows that there is a positive influence between the financial compensation variable on the gojek driver performance variable, which means that the better the financial compensation, the better the gojek driver performance.

3. *2*= 0.735

This regression coefficient shows that there is a positive influence between the flexible working arrangement variable on the gojek driver performance variable, which means that the better the flexible working arrangement, the better the gojek driver performance.

#### **1.3.** Hypothesis testing

Partial regression model testing is used to determine whether each independent variable forming the regression model individually has a significant influence on variable Y or not. To test this relationship, the t test is used, namely by comparing the value of tcount with ttable, the independent variable forming the model Regression is said to have a significant effect if tcount> ttable or significant  $<\alpha = 0.05$ 

a. Hypothesis 1, Effect of financial compensation (X1) on driver performance (Y) The hypothesis testing of the regression coefficient of the X1 variable on the Y variable is presented in Table 6 below.

Table 6: Regression Test Results Effect of X1 on Y				
hypothesis	Score	Conclusion		
Ho: $1 = 0$ ; variable X1 has no significant	t = 6,534	Ho is rejected,		
effect on variable Y	sig = 0.000	Ha is accepted		
	ttable = $4.303$			



Ha: $\beta 1 \neq 0$ ; variable X1 has a significant effect on variable Y	
= 0.05	

Based on the test results data presented in Table 6 above, it is known that the calculated t value from X1 to Y is 6,534 with a significance of 0.000. The statistical value of the t-test statistic is greater than t-table (6.534>4.303) and the significant value is also smaller than  $\alpha = 0.05$ . These results indicate that Ho is rejected so it can be concluded that variable X1 (financial compensation) has a significant effect on variable Y (performance driver). This means that the better or greater the compensation given, it tends to improve performance.

The results of this research are in accordance with research conducted by Survo and Wirasto (2019) that compensation has a significant positive effect on performance, this result is also supported by research conducted by Saputro and Hidayat (2021) which also concluded that there is a significant effect of compensation on performance. In these studies it is said that compensation is the main factor that influences performance, giving appropriate compensation can affect employee performance in carrying out their work.

This result is also in sync with the data from descriptive analysis which shows the highest mean value on item X1.6 with the statement "The bonus I received makes me want to improve my performance" and item Y.2 with the statement "I get a good rating from customers (stars). 5)" which means that the Gojek drivers in the city of Ternate have performed well with the bonus or compensation they received making them want to improve their performance.

b. Hypothesis 2, Effect of flexible working arrangement (X2) on driver performance (Y)

Testing the hypothesis of the regression coefficient of variable X2 on variable Y is presented in Table 7 below.

Table 7: Regression Test Results Effect of X2 on Y				
hypothesis	Score	Conclusion		
Ho: $\beta 2 = 0$ ; variable X2 has no significant	t = 9,751	Ho is rejected,		
effect on variable Y	sig = 0.000ttable = 4.303	Ha is accepted		
	ttable = $4.303$			
Ha: 2 0; variable X2 has a significant effect				
on variable Y				
= 0.05				

Based on the test data presented in Table 7 above, it is known that the t value calculated from X2 to Y is 9,751 with a significance of 0.000. The statistical value of the t test statistic is greater than t-table (9,751 > 1)4,303) and the significant value is also smaller than  $\alpha = 0.05$ . These results indicate that Ho is rejected so that it can be concluded that variable X2 (Flexible Working Arrangement) has a significant effect on variable Y (performance driver).this means that the better the application of work flexibility will be able to increase the performance of employees (drivers).

The results of this study are in accordance with research conducted by Chris Obisi (2017) that work flexibility has a significant effect on employee performance. This result is also supported by research conducted by Maifanda and Slamet (2018) who also concluded that flexible working hours have a positive and significant effect on employee performance. . In these studies it is said that the flexible working arrangement is one of the main factors affecting employee performance.

Data from descriptive analysis can also support these results, where the highest mean value is in item X2.1 with the statement "Flexible working hours really help me in carrying out my work" and item Y.2 with the statement "I get good ratings from customers (stars) 5)" which means that flexible working hours really help drivers work so that indirectly the work flexibility applied can lead to or improve the performance of motorcycle taxi drivers in the city of Ternate.

#### CONCLUSION

The description of the situation based on all items in the financial compensation variable has a grand mean value which means that the compensation for Gojek drivers in Ternate City is appropriate and classified as good, then the flexible working arrangement variable has a grand mean which means that Gojek drivers in Ternate City are greatly helped by the work flexibility or flexible working arrangement, the employee performance variable means that employee performance (driver) increases if the compensation and flexible working arrangement are implemented properly. There is a significant influence between financial compensation on the performance of gojek drivers in Ternate City, meaning that the higher the compensation given, the performance of gojek drivers can improve. There is a significant influence between the flexible working arrangement on the performance of gojek drivers in Ternate City. This means that the better the application of work flexibility, the better the performance of gojek drivers in Ternate City.

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