

The Impact Of Compensation And Motivation On Performance Of Employees Pt. Catur Partner Sejati Sentosa In Tangerang

Kaman Nainggolan¹, Dadang M. Daryono², Sfenrianto³, Frieyadie Frieyadie⁴

¹STMIK Nusa Mandiri, Jakarta, kaman@nusamandiri.ac.id

²Diploma of Information Management and Computer AMIK BSI BSD, Tangerang Selatan, dadang.dao@bsi.ac.id

³Information Systems Management Department, BINUS Graduate Program – Master of Information Systems Management, Bina Nusantara University, Jakarta, sfenrianto@binus.edu

⁴STMIK Nusa Mandiri, Jakarta, frieyadie@nusamandiri.ac.id

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Abstrak - *Human resource development is an important factor to achieve the objective of a company to maximize its profit. Theoretically, some factors such as compensation and motivation is closely related to performance of employee of a company. Therefore, the research was conducted to analyses the impact of compensation and motivation on employee performance. The population of this study is all employee, 250 people of PT. Catur Mitra Sejati Sentosa in Tangerang. The samples of this study were the employees of the company totaling of 154 respondents. Multiple regression analysis technique was used to analyses the impact of compensation and motivation on employee performance. The results of this research showed that compensation and motivation have a positive and significant impact on employee performance. This implies that the company should focus on improving compensation and motivation in order to increase the performance of employees.*

Keywords: *Compensation, Motivation, Employees, Performance*

INTRODUCTION

The effectiveness of employee performance is a problem that companies must face, in which organizations must be flexible and efficient in order to achieve the target. The company's goal, in general is to achieve maximum profits and strive to maintain its long-term viability. One of the most important factors is human resources, because technology, if not supported by qualified human resources, the company will not be able to run well.

Performance management is a holistic, total approach to engaging everyone in the organization in a continuous process, to improve everyone and their performance, and thereby the performance of the whole organization. Compensation and motivation factors are closely related to employee performance theoretically.

The company's high development, showing the performance improvement of its employees. However, these performance improvements may someday decrease and even stop. Therefore, the

company must know the state of the performance of employees. The performance of each individual is different from other individuals according to the level and size of the knowledge, skills, and motivations that the individual possesses. For the company it is very important to know factors that have impact on performance of its employees. Therefore, the main purpose of this study is to analyse the impact of compensation and motivation on performance of employees of PT. Catur Partner Sejati.

Compensation

Human resources management is an important factor in the organization. The essence of management is the activity of working through others to achieve results. It can be said that human resources include all people who perform organizational activities, which contribute to the achievement of organizational goals. It is very important for a company to improve the performance of its employees to achieve the goals. Some important factors that determine the

employee's performance are compensation and motivation.

Compensation involves those rewards financial and non-financial, direct and indirect which an organization exchanges for the participation of its employees, both job performance and personal contribution. Compensation management is one of the central pillars of human resources management (Amstrong 2017). It is linked with the formulation and implementation of strategies and policies that aim to compensate people practically, justifiably and constantly in agreement with their worth to the organization (Ayentimi, Burgess, and Brown 2018). Compensation management including a compensation structure in which best performer employee awarded more than the average performer. This motivates the good performer to work hard and make the competitive atmosphere in organization.

An Employee receives different kinds of benefits in the form of wages, salaries, and payment. Half of the cash flow of companies is usually equal to compensation, although it is more than half in the service sector. Mostly individuals with good education are unsatisfied with their job and salary packages and it results in their turnover, so organizations plan compensation for them to stop the turnover and to motivate them. In other words, we can say that compensation would motivate employee for better performance. There are two types of compensation, financial and non-financial compensation.

Financial compensation consists of indirect compensation and direct compensation. Direct compensation consists of employee payments in the form of wages, salaries, bonuses, or commissions. Indirect compensation or benefit, consisting of all payments not covered by direct financial compensation such as holidays, insurance, services such as childcare or religious care, and so forth. Financial rewards such as praise, self-respect, and recognition that can affect employee work motivation, productivity and job satisfaction.

The consequences of dissatisfaction in the perceived payments will reduce performance, increase complaints, cause strikes, and lead to physical and psychological actions, such as an increased degree of absenteeism and employee turnover, which in turn will decrease the health of an increasingly severe employee. Conversely, in the case of an overpayment, it will also cause companies and individuals to lose competitiveness and create anxiety, feelings of

guilt, and an uncomfortable atmosphere among employees. The purpose of compensation is to get qualified employees, maintaining existing employees, justice, changes in attitude and behavior, and cost efficiency.

The Impact of Compensation and Reward System on the Performance of an Organization on Banking Sector of Pakistan. The research found that the most significant variable is reward and compensation (Aslam et al. 2015). It shows a great effect on the performance of employees. It boosts up the efficiency of employees. On the contrary, the variables motivation and incentives contribute least to the employee performance.

Motivation

In general, performance is divided into two, namely individual performance and organizational performance. Individual performance is the result of employee work both in terms of quality and quantity based on predetermined work standards, while organizational performance is a combination of individual performance with group performance. Performance is essentially what employees do and do not do. Employee performance is related to what affects and how much they contribute to organizations that include: (a) Output quality relates to the quality of completed work; (b) Output period, means the length of time the employee finishes one job with the next job; and (c) Attendance at work, related to the level of work attendance discipline in the office, and cooperative attitude, means the attitudes that show cooperation, do not make opposition to an individual attitude or a particular group (Anderson, Fontinha, and Robson 2019).

So, from the above statement it can be concluded that the performance of employees is the performance of work or output, in accordance with the responsibilities given to them. Several things could affect employee performance. The following are factors that affect performance: (a) Capability factors Psychologically capability is a potential ability of one employee and the ability of reality. Employees, therefore, needs to be placed on work that suits to their expertise; and (b). Motivational factor is formed from the attitude of an employee in the face of work situations (Adeoye and Elegunde 2014). It is a condition that moves self-directed employees to achieve the goals of work (Noe et al. 2017).

Measures to Improve Employee Performance

Employees' performance is always changing. Therefore, the management must always monitor or control the performance of its employees. There are several steps that can be done by the company or leadership in improving the performance of its employees.

There are at least seven steps that can be done to improve performance: (a) knowing the lack of performance. It can be done through three ways: identify problems through data and information collected continuously regarding business functions, identify problems through employees, and pay attention to existing problems; (b) regarding the lack and seriousness. To improve the situation, some information are needed, including: identify the problem as precisely as possible, and determine the seriousness of the problem; (c) identify matters that may be the cause of the deficiencies, whether related to the system or to the employee itself; (d) develop action plans to address the causes of the deficiency; implement the action plan; (f) evaluate whether the problem has been resolved or not; and (g) Start at the beginning, if necessary (Noe et al. 2017).

Previous Researches

There are several researches that are relevant to the research being conducted. Study on (Shahzadi et al. 2014) "The effect of compensation on employee's performance with work motivation". The study conducted at teachers of Government and private schools in Pakistan. The model analysis used was Regression analysis. The results of analysis indicated that employee motivation had a positive and significant effect on employee performance. Intrinsic rewards also had a positive and significant impact on employee's performance and employee motivation.

Study on (Yousaf, Yang, and Sanders 2015) "The impact of intrinsic compensation and extrinsic compensation on Pakistani professionals". The used was multiple regression model. The study found out that intrinsic compensation and extrinsic compensation had a significant impact intrinsic motivation are related to task performance in a Pakistani professional context.

A study on (Oktaviani and Nainggolan 2016) "The impact of compensation and working condition on teacher performance of High School (SMA I) Klaten, Central Java, Indonesia. The analysis used multiple linear regression model. The analysis confirmed there was a

significant effect of compensation and working condition on the performance of teacher. This suggests that higher levels of compensation and working condition will increase the performance of teachers.

Add addition study on (Robescu and Iancu 2016) "The effect of motivation on employee's performance". Study was done in a company in Romania. The analysis used in this study was qualitative descriptive model. The research found that there was a significant impact of financial and non-financial motivation on employees' performance. The findings show the importance of leadership style and language used by leaders in increasing the performance of subordinates.

RESEARCH METHODE

Analytical Framework and Hypotheses

Based on the above theory and the study of relevant researches, the authors formulate an analytical framework in figure 1.



Figure 1. Analytical Framework

Based on a review of the theory and frameworks that have been determined, the research hypothesis is thus:

- (a) H1: There is the influence of Compensation (X1) on Employees Performance (Y);
- (b) H2: There is the effect of Motivation (X2) on Employees Performance (Y); and
- (c) H3: There is the influence of Compensation variable (X1) and Motivation (X2) simultaneously on Employees Performance (Y).

Data and Analysis

Based on the Population in this research is all employees of PT. Catur Mitra Sejati Sentosa a total of 250 people. The number of samples are 154 employees using Slovin formula with 5% error. Analytical Framework and Hypotheses and were selected by random sampling techniques. The data used in this study are primary data, which were obtained directly from the questionnaires filled by respondents at the sites. Researchers used questionnaires filled up by all respondents in this study.

The model used for this study is multiple regression analysis with SPSS 20.00 software. The multiple regression equation in this study is

$Y = a + b_1X_1 + b_2X_2 + e$, where: Y = Employees Performance; X1 = Compensation; X2= Motivation; a = Constant; b1, b2 = Intercept of variable X1 (Compensation); X2 (Motivation); and e = Error. Significance testing between the independent variables on the dependent variable is done through t test, while goodness of fit of regression is judged through F test

Results and Discussion

Based on the results of questionnaires distributed to 154 respondents, the authors obtained that most of the employees are men of 90 people (58%) and women about 64 people (42%). Regarding the age levels, 76 employees (49%) employees were between 25 to 35 years, and the lowest was <25 years old with 14 employees (9%). The highest education level of respondents was bachelor education of 60 people (39%). Meanwhile, the longest working time is between 2 to 5 years of 80 people (52%) and the lowest is > 5 years working with 24 people (16%).

Validity Test

The validity test results are shown in Table 1. The result of validity test on the all item questions of compensation variable statement (X1), Motivation (X2), and Employee Performance (Y) in the questionnaires show that the significant (2-tailed) value is less than 0.05 for the whole statements, or calculated Pearson Correlation is much higher than r table. Therefore, it can be concluded that all statements are valid.

Table 1. Validity test

Variables	Item Question	Sig (2 tailed)	Result
Compensation (X₁)	The salary provided can meet the needs of the family	0.000	Valid
	Salary given in accordance with the agreement	0.000	Valid
	Incentives are given to employee that produced achievement	0.000	Valid
	Incentives provide a deeper sense of work	0.000	Valid
	Bonus awarded to employee who reached the target	0.000	Valid
	Bonus given in accordance with the amount of achievement	0.000	Valid
	Health insurance provides a sense of security for me	0.000	Valid

	Health insurance provides certainty for the future of my health	0.000	Valid
	The Company provides leave allowance	0.000	Valid
	I can use my leave allowance for rest	0.000	Valid
	I get a pension funds from the company	0.000	Valid
	Pension funds give satisfaction after retirement	0.000	Valid
Motivation (X₂)	I strive to achieve work Performance	0.000	Valid
	I enjoy a difficult challenge	0.000	Valid
	I want to know how I can improve my ability to complete every task	0.000	Valid
	I enjoy achieving realistic goals in life	0.000	Valid
	I am satisfied to complete difficult tasks	0.000	Valid
	I enjoy every rivalry and victory	0.000	Valid
	I enjoy every task I do	0.000	Valid
	I influence others to achieve my desires	0.000	Valid
	During my work I try to control almost everything around me	0.000	Valid
	I want to work with many people	0.000	Valid
	I tend to build partnerships with colleagues	0.000	Valid
	I enjoy working more with others than working alone	0.000	Valid
Employee Performance (Y)	The experience that employees have is quite helpful in completing the work	0.000	Valid
	Employees have a high level of creativity and timeliness in working	0.000	Valid
	Employees have high initiative in working	0.000	Valid
	Professional employee proficiency level is high	0.000	Valid
	The experience that employees have is	0.000	Valid

quite helpful in completing the work		
Employees have a high level of creativity and timeliness in working	0.000	Valid
Employees have high initiative in working	0.000	Valid
Professional employee proficiency level is high	0.000	Valid
Rarely, accumulation and complaints occur	0.000	Valid
The working environment is clean and tidy	0.000	Valid
Inter-fellow employees work together	0.000	Valid
Employees have a smile culture	0.000	Valid

Source: Data Processed with SPSS 24

Reliability Test

To test the reliability of the instrument we calculate Alpha Cronbach's coefficient using reliability procedures with the program SPSS for Windows Version 24. The aim is to assess the stability of the size and consistency of respondents in answering the questionnaire. If the value of Cronbach's Alpha is greater than 0.60 then the questionnaire can be said to meet the concept of reliability. Otherwise the questionnaire does not meet the concept and cannot be used as a measuring tool of research. From the results of reliability test the Cronbach's Alpha values is described below:

Table 2. Reliability test of compensation variable (X1), (X2), and (Y)

Variable	Cronbach's Alpha.	N of Items
Compensation (X1)	0,946	12
Motivation (X2)	0,901	12
Employee Performance (Y)	0,948	12

Source: Data Processed with SPSS 24

From 12 questionnaire statements distributed to 154 respondents the values of Cronbach's Alpha for (X1), (X2), and Y are greater than 0.60. That means that the statement items for all variables are reliable. The next step is to conduct classic assumption test in regression analysis. One assumption in regression analysis is normality of

data, which means that the residuals must distributed normally. Homogeneity test is needed to determine whether the residuals in the regression model has the same variance from one to other observations. A good regression model is that the variance of the residuals of an observation to other observations remain the same or homoscedastic. Next is multicollinearity test, to test whether there is a correlation among the independent variables. Detection of the presence or absence of symptoms multicollinearity is carried by evaluating the Variance Inflation Factor (VIF) value. If the value of VIF is less than 5 then there is no multicollinearity.

Normality Test

Normality test aims to test whether the regression model, or residual confounding variables have a normal distribution. If this assumption is violated, the statistical test will be invalid for several small samples. To test whether in the regression model, the dependent and independent variables have a normal distribution can be seen in the histogram graph as well as the normal P-P plot chart. If the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumption of normality, otherwise it does not meet the assumption of normality. Figure 1 below shows the graph of normality test.

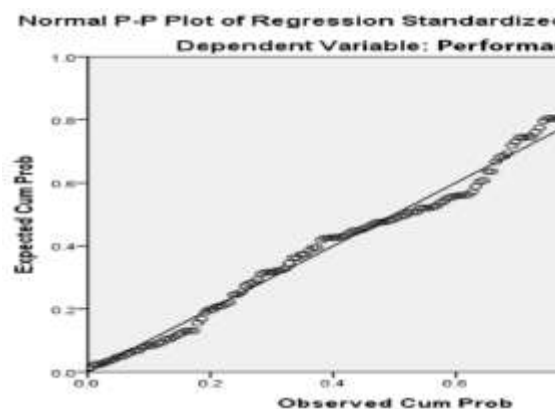


Figure 2. Graph Normality Test.

From Figure 2 above it can be observed that the points are spread out around the diagonal line and follow the direction of the diagonal line. It is proved that the regression models met the assumptions of normality.

Hypothesis Testing, t test, F test

Multiple linear regression calculation is used to predict the relationship between dependent variable (Employee Performance (Y), with independent variables ie Compensation (X1), and Motivation (X2). The results of multiple linear regression can be seen below:

Table 3. Regression Analysis Result

Model	Unstandardized Coefficients B	Std Error	t	Sig
Constant	0.376	0.294	1.78	0.203
Compensation	0.363	0.095	3.812	0.000
Motivation	0.531	0.109	4.854	0.000

Source: Data Processed with SPSS 24; Dependent Variable: Employee Performance (Y)

Based on Table 3 above, it is estimated that a constant value 0.376, and the regression coefficient of b_1 and b_2 is 0.363 and 0.531 respectively and t test indicates that all regression coefficients are positive and highly significance, except constant coefficient was not significant. The estimated equation regression is $\hat{Y} = 0.376 + 0.363 (X_1) + 0.531 (X_2)$. The estimated model indicated that:

1. Constant value 0.376, meaning that if Compensation (X_1), and Motivation (X_2) equal to zero, then Performance value (Y) is 0.376. It is important to note that the t test shows that constant coefficient does not have a significant impact on Employee Performance.
2. The regression coefficient of the Compensation variable (X_1) shows a positive value of 0.363. The t test also indicated that Compensation variable has a significant impact on Employee Performance, meaning that the higher level of Compensation (X_1) will cause higher Employee Performance (Y).

The regression coefficient of Motivation variable (X_2) shows positive value of 0.531. The t test also indicated that Motivation variable has a significant impact on Employee Performance, meaning that the higher level of Motivation (X_2) will cause higher Employee Performance (Y). Then, the F test will determine the effect of all independent variables on dependent variable. In this research it is assumed that the Compensation (X_1), and Motivation (X_2) variables simultaneously affect Employee Performance. The results of F test can be seen in the following table.

Table 4. F test (Analysis of Variance)

Model	Sum of Squares	df	Mean Square	t	Sig
Regression	38.077	2	19.039	55.807	.000 ^b
Residuals	51.514	151	0.341		
Total	89.592	153			

Source: Data Processed with SPSS 24

a. Dependent Variable: Employee Performance

b. Predictors: Constant, Compensation, Motivation

Based on the results of the calculations presented in Table 4, Significance F = 0.000. Thus, Sig F < 5%, H_a is accepted, and H_o is rejected which means that simultaneously the variables X_1 , and X_2 have a significant influence on the variable Y. So, it is proven that the Compensation and Motivation variables effect simultaneously on the Employee Performance.

The coefficient determination (R^2) is used to determine the overall contributions of independent variables effect on dependent variable, while the rest is influenced by other variables that are not included in the model. The calculation of coefficient of determination can be seen in Table 5.

Table 5. Coefficient of Determination

Model	R	R^2	Adjusted R^2	Std Error of Estimate
	0.652	0.425	0.417	0.58408

Source: Data Processed with SPSS 24, a. Predictors: (Constant), Compensation, Motivation; b. Dependent Variable: Employee Performance

Based the above table, it can be observed that the coefficient of determination (R^2) is 0.425 or 42.5%. This means that the Y variable is explained 42.5% by the Compensation variable (X_1), and Motivation (X_2) while the rest of 57.5% is explained by other variables that are not examined in this study.

The central purpose of this study was to examine the impact of compensation and motivation on Employee Performance of PT. Catur Partner Sejati Sentosa in Tangerang., Banten Province, Indonesia. The multiple linear regression model was constructed to address the research objectives and test the hypotheses. Based on the results of statistical analysis and discussion, important conclusions of this study are: (1) Compensation variables had a positive and significant influence on employee performance of PT. Catur Partner Sejati Sentosa in Tangerang. An increase of one unit of

compensation will be followed by an increase of 0.363 units employee performance, other factors remains the same; (1) Motivation work has a positive and significant influence on employee performance. An increase of one unit of motivation will be followed by an increase of 0.531 units employee performance, other factors remains the same; (3) Meanwhile, compensation (X1) and motivation (X2) simultaneously have positive, and significant influence on employee performance (Y) with the coefficient of determination of 0.425. This implies that the employee performance is explained 42.5% by the compensation and motivation, while the rest of 57.5% is explained by other variables that are not examined in this study.

Thus, based on research results, in order to improve the employee performance of PT. Catur Partner Sejati Sentosa in Tangerang, the management needs to improve the compensation and work motivation of their employees. It is recommended that the company needs to increase compensation and motivation in order to increase the employee performance of PT. Catur Partner Sejati Sentosa in Tangerang. Several ways to increase compensation can be prioritized in the form of bonuses, commissions, and future benefits. In an effort to improve motivation, the company can prioritize to improve the indicator of responsibility, with more emphasis on the assessment and rules and regulations prevail in the company. In an effort to improve the performance, greater priority should be given to the improvement of work motivation because the influence of work motivation is greater compared with the compensation in relation to performance improvement. Since the employee performance is explained 42.5% by compensation, and motivation, future research should include other variables that affect employee performance theoretically.

The results of this research showed that compensation and motivation have a positive and significant impact on employee performance. The adjusted coefficient of determination (R^2) is 0.425 which means that the purchasing decision variable (Y) is explained 42.5% by compensation (X1) and motivation (X2) while the remaining 57.5% is explained by other variables that are not examined in this study.

CONCLUSION

The main results of this study indicated that

compensation variable has a significant impact on employee performance, as shown by the t test. Similarly, motivation also has a significant impact on employee performance. The regression coefficient of the compensation is 0.363, meaning that if the company increases the compensation by 1 unit then employee performance will increase by 0.363 unit. The regression coefficient of the motivation is 0.531, meaning that if the company increases the compensation by 1 unit then employee performance will increase by 0.531 unit. The F test showed that both compensation and motivation have a positive and significant impact on employee performance. This study implies that the company should focus on the efforts to improve compensation and motivation in order to increase the performance of employees. Since the value of R^2 is 0.425, the company should also consider other variables such as safety working conditions.

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AUTHORS BIODATA:

Kaman Nainggolan, Professor of Agricultural Economics, Accessor STMIK Nusa Mandiri Jakarta. Education: Ph. D, in Agricultural Economics, Oklahoma State University, United States of America in 1987 with GPA 4.0.

Dadang Muhamad Daryono, Lecturer in AMIK BSI BSD, Tangerang Selatan. Education: Magister Management (MM), Universitas BSI Bandung in 2017.

Sfenrianto, is a Faculty Member of the Information Systems Management Department, BINUS Graduate Program – Master of Information Systems Management, Bina Nusantara University, Jakarta. Education: Doctor, in Computer Science, UI in 2014.

Friyadie Friyadie, is a Faculty Member of Computer Science, and Accessor in STMIK Nusa Mandiri Jakarta. Education: Master in Computer Science, STMIK Nusa Mandiri in 2010.