

The Effect of Compensation on Employee Performance at PT. Sango Indonesia - Karawang

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Abstrak

Employee performance is very important for the achievement of the goals of a company. One important factor that can affect performance in a company is from providing compensation given to employees. Compensation is something that is received by employees as a substitute for their service contribution to the company. The existence of a good compensation system will ensure the occurrence of justice between employees and the company. Each employee will receive a reward in accordance with the goals, functions, positions, and work performance

Compensation problems are a sensitive problem because they are driving people to work hard. Besides that compensation also affects morale and labor discipline. Therefore, any company / organization should be able to provide compensation that is balanced with the workload borne by the workforce.

This research was conducted at PT. Indonesian Sango. The purpose of this study was to determine the effect of compensation on the performance of employees at PT. Indonesian Sango. PT. Sango Indonesia is a company engaged in the Automotive Part that produces Secondary Steel and Exhaust Manifold. Shareholders in PT. Sango Indonesia is divided into Sango Group, Toyota Thuso, Sumitomo Corporation, sumitomo corporation Indonesia and shinsho corporation. Meanwhile, the purpose of this study was to determine the effect of compensation on the performance of employees at PT. Indonesian Sango.

Based on the results of the study it can be seen that Compensation has a contribution of influence of 50.83% on the performance of employees of PT. Indonesian Sango. While the remaining 49.17% is influenced by other factors. From the results of the study it can be concluded that compensation is needed to help strengthen the organization's key values and facilitate the achievement of organizational goals

Keywords *Compensation, Employee Performance*

Introduction

Recently, progress in the field of human resources is experiencing very rapid development. This can be seen from its capabilities, both in terms of quality and quantity, which are very calculated in a company. Thus that human resources have a very important role as a driving factor of the overall activities of the company or organization in shaping and achieving each of the goals of the organization.

According to Wilson Bangun (2012: 6):

Human resource management can be defined as a process of planning, organizing, staffing, mobilizing, and overseeing the procurement, development, compensation, integration, maintenance and separation of workers to achieve organization goals.

Employees who work in a company, donate both physically and mind and get compensation or remuneration in accordance with the rules and agreements that have been set. In this connection the improvement of human quality is a top priority.

The company has an interest in maintaining employees continue to work in the company, and the business carried out by the company is to provide remuneration in the form of allowances, salaries and other remuneration premiums that are adequate, so that employees are more active in their work. According to Rivai and Sagala (2011: 357) "Compensation is something that employees receive as a substitute for their service contribution to the company".

With the existence of a good compensation system will ensure the occurrence of justice between employees and the company. Each employee will receive a reward in accordance with the goals, functions, positions, and work performance. The relationship between compensation to employee performance is explained by Hasibuan (2013: 122): "Compensation (remuneration) programs must be established on a fair and reasonable basis and by observing the applicable labor laws. The principle of fairness and worth must be given the best attention so that the remuneration provided will stimulate passion and job satisfaction of employees".

Thus the employee will try to maintain and improve his performance, if the employee feels the rewards he has received are comparable to the contributions that have been given to the company,

According to Mangkunegara (2013: 9):

Employee Performance (work performance) is the work result in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

Employee performance is very important to note for the sake of achieving the goals of a company and to achieve these goals optimally the company can improve the performance of its employees. One way to improve employee performance is by evaluating employee performance.

This is research located in PT. Sango Indonesia. PT. Sango Indonesia is a company engaged in Automotive that produces steel wire and exhaust manifold, PT. Sango Indonesia is located at Mitra Karawang Industrial Estate Mitra Selatan IV BLOK M1-2, Parungmulya Village, Kecamatan Ciampel, Karawang 41361 West Java - Indonesia. PT. Sango Indonesia is certainly very concerned about managing human resources, especially regarding compensation and employee performance.

In order to realize this balance, PT. Sango strives for compensation given to its employees, according to their ability and contribution to their duties and responsibilities to the company.

Theoretical Framework

Compensation is important for employees as individuals, because the amount of compensation reflects the size of the value of their work among the employees themselves, their families, and the community. The absolute compensation level of

employees determines the scale of life, while relative compensation shows their status, dignity and price. Therefore, if employees view their compensation as inadequate, their work performance, motivation, and job satisfaction can drop dramatically.

According to Hasibuan (2012: 122), compensation programs (remuneration) must be established on the principle of fair and decent and by observing the applicable labor laws. While Handoko (2014: 50) said that the principle of fairness and worth must get attention as carefully as possible so that the service provided will stimulate passion and job satisfaction of employees.

The amount of compensation paid to each employee must be adjusted to work performance, type of work, job risk, responsibility, job title, and fulfill internal consistency requirements. Being fair in this case does not mean that every employee receives equal compensation. The fair principle must be the basis for the assessment, treatment and giving of gifts or punishments for each employee. With a fair principle, a better atmosphere of cooperation, morale, discipline, loyalty and stability will be created.

Compensation received by employees can meet their needs at the ideal normative level. Appropriate benchmarks are relative, the determination of the amount of compensation is based on the government minimum wage limit and the prevailing external consistency. Personnel managers are required to always monitor and adjust compensation with external consistency that is being applied. This is important so that the morale and qualified employees do not stop, the demands of trade unions are reduced and others.

According to Dessler (2012: 121) the purpose of providing compensation (remuneration) includes:

1. Association of Cooperation

With the provision of compensation a bond of formal cooperation is established between the employer and the employee. Employees must do their tasks well, while employers must pay compensation in accordance with the agreed agreement.

2. Job Satisfaction

With remuneration, employees will be able to fulfill their physical needs, social status, and selfishness so as to obtain job satisfaction from their positions.

3. Effective Procurement

If the compensation program is implemented large enough, providing qualified employees for employers will be easier.

4. Motivation

If the service provided is large enough, the manager will easily motivate his subordinates.

5. Employee Stability

With compensation programs on fair and decent principles and competent external consistency, the stability of employees is more assured because of relatively small turn-over.

6. Discipline

By giving a substantial reward, employee discipline is getting better. They will be aware of and obey the applicable regulations.

7. Effect of Trade Unions

With a good compensation program the influence of trade unions can be avoided and employees will concentrate on their work.

8. Government Influence

If the compensation program is in accordance with the applicable labor law (such as the minimum wage limit) then government intervention can be avoided.

In compensation, it must be noted that compensation can have different values for each individual who receives it. This is because each individual has different needs, desires, and views. With the existence of a good compensation system will ensure the occurrence of justice between employees and organizations. Each employee will receive a reward in accordance with the goals, functions, positions, and work performance. The influence of Compensation on Employee Performance is reflected in the statement of Hasibuan (2013: 122):

Compensation (remuneration) programs must be established on a fair and reasonable basis and by observing the applicable labor laws. The principle of fairness and worth must be given the best attention so that the remuneration provided will stimulate passion and job satisfaction

Methodology

This type of research is quantitative research, according to Sugiono (2017: 8) quantitative research methods can be interpreted as "research methods that are based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, quantitative / statistical data analysis , with the aim of testing the predetermined hypothesis ".

The design of this study is associative research method, according to Wiratna Sujarweni (2015: 74) associative is "research that aims to determine the relationship between two or more variables". With this research, a theory can be built that can function to explain, predict and control one symptom.

Before carrying out a hypothesis test, the classic assumption test must first be done. Which is the analysis of this data is to find out and develop data that has been used from digital data, namely whether the data is normally distributed or not, whether the data is autocorrelated, multicollinearity, or heteroscedasticity.

1. Heterocedasticity test

Heterocedasticity shows that variable variance is not the same for all observations. If the residual variance from one observation to another observation remains, it is called homokedasticity. A good regression model is homocastity or there is no heterocedasticity because the coss section data has data representing various sizes (small, medium, and large).

2. Data Normality Test

To find out whether the normal variables are normal or not, the normality test is done in order to find out whether the distribution of data from independent variables is normally distributed. The reason for this test is because the use of correlation analysis techniques that will be used requires the fulfillment of the provisions of the data from the variables to be studied with normal or near normal distribution. This is in accordance with the opinion of Sugiyono (2014), namely "In an analysis that uses statistics, the sample distribution must lead to normal distribution".

Quantitative Analysis Method

In this study using quantitative data analysis techniques, namely analysis techniques in the form of numbers carried out calculations to analyze the condition and

behavior of data so that through the results of these calculations will be known the influence, description, and conclusion from the data.

The data are obtained from the results of the answers to the questionnaire which will then be tested with Simple Regression Analysis, Simple Correlation Analysis (Product Moment) which is then followed by Determination Coefficient Analysis and Correlation Coefficient Effectiveness Test (t Test). The following is a description of the steps in the quantitative analysis that the researchers did in this study are:

Simple Regression Analysis

The equation obtained by this method is $Y = a + bX$, where the values a and b are obtained using the formula:

$$b = \frac{n \cdot \sum XY - \sum X \sum Y}{n \cdot \sum X^2 - (\sum X)^2}$$

$$a = \frac{\sum Y \sum X^2 - \sum X \sum XY}{n \cdot \sum X^2 - (\sum X)^2}$$

Information :

n = number of samples

a = constant

b = coefficient

Y = Dependent Variable (dependent variable)

X = Independent Variable (independent variable)

Determination Coefficient Analysis

Determination coefficient is denoted by r^2 . This value states the proportion of the overall variation in the value of the dependent variable that can be explained or caused by a linear relationship with the independent variable, besides the rest explained by other variables.

Determination Coefficient Analysis Formulas are:

$$Kd = (r)^2 \times 100\%$$

Information:

KD = value of coefficient of determination

r = value of correlation coefficient

With this analysis of determination coefficient, researchers can know the percentage of the contribution of the influence of Compensation on Employee Performance at PT. Indonesian Sango.

a. Correlation Coefficient Significance Test (t Test)

Correlation Test Meaning Method Correlation (t test) is used to determine the significance (significance) of variable X to Y, and to accept or reject the hypothesis that has been proposed.

So that with this method researchers can find out the significance of the effect of Compensation on Employee Performance at PT. Sango Indonesia, and test whether the hypothesis that the researcher has submitted will be accepted or rejected.

Correlation Coefficient Test Meaning Formula (t Test):

$$t_{hitung} = \frac{r \cdot (\sqrt{n - 2})}{\sqrt{1 - r^2}}$$

Information:

t count = value of t count

r = value of correlation coefficient

n = number of samples

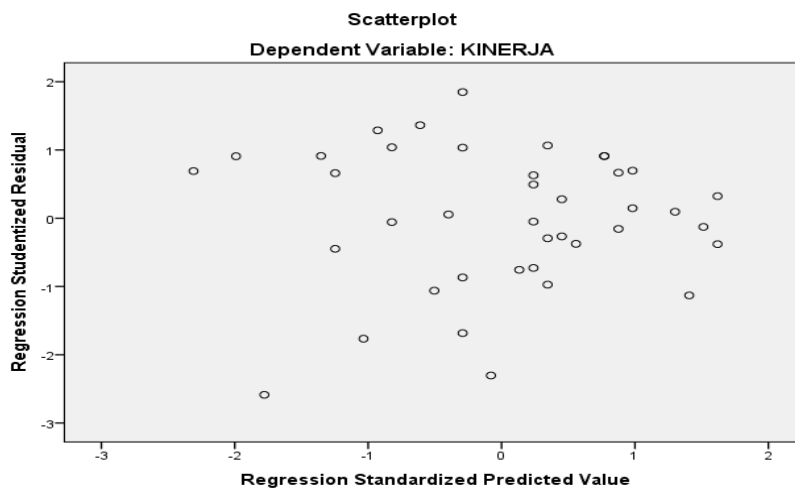
Then for the criteria used in the Correlation Coefficient Significance test method (t Test) in testing the hypothesis in this study are as follows:

- 1) If t count < t table then H0 is accepted.
- 2) If t count > t table then H1 is accepted.

Result

Heterocedasticity test

This test aims to test whether in a regression model there is an inequality of variance from residuals, from one observation to another. If the variance of the residuals from one observation to another is fixed, it is called homoskedasticity and if the variance is different, it is called heterocedasticity. A good regression model does not occur heterocedasticity. To detect the presence or absence of heterocedasticity can be used Scatterplot graph method generated from the output of SPSS version 20, if in the picture shows that the points spread randomly and spread both above and below the number 0 on the Y axis, this can be concluded does not occur the presence of heterocedasticity in the regression model (Husein Umar,2012).



From the picture above, we see dots that spread randomly, do not form a certain clear pattern, and are spread both above and below the number 0 (zero) on the Y axis, this means there is no classical assumption of heteroscedastic assumptions in the regression model made , in other words accept the homoskedasticity hypothesis.

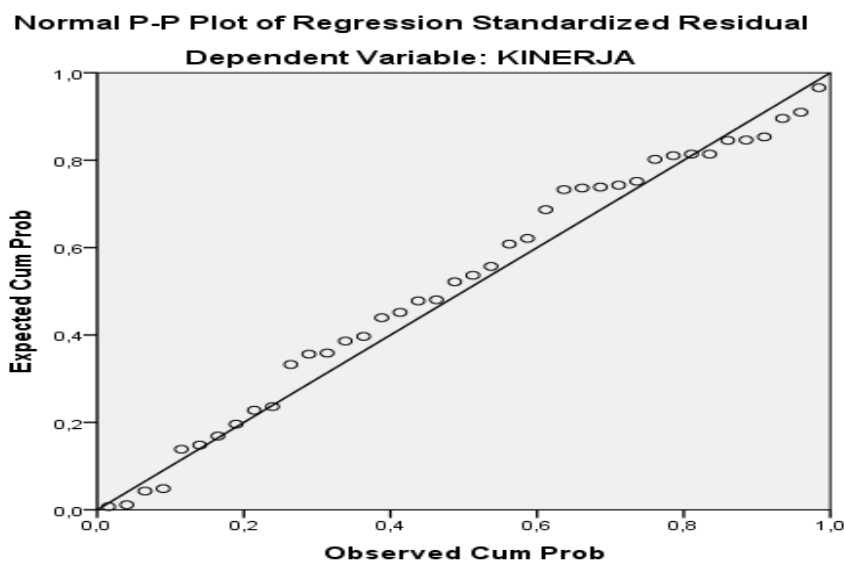
Data Normality Test

The normality test aims to test whether in the regression model, independent variables and dependent variables, both are normally distributed or not. Hypothesis Object (Ho) is a population with normal distribution and Alternative Hypothesis (Ha) is a population not normally distributed. Data normality testing technique with SPSS 20

method with testing criteria: Reject Ho if P Value (Sig) > significant level 0.05 (SPSS 20, Duwi Priyatno, 2014).

Based on the normality test with the Kolmogorov-Smirnov Test, the KSZ values were 0.755 and Asymp. Sig. amounting to 0.618 greater than 0.05, it can be concluded that the data comes from the normal distribution.

The normality of the data in the study is seen by paying attention to the points in the Normal P-Plot Regression Standardized Residual of the dependent variable. The requirements of the normality test are if the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumptions of normality. If the data spreads far from the diagonal line and / or does not follow the diagonal line, then the regression model does not meet the assumption of normality.



From the picture, the results show that all data are normally distributed, the data distribution is around the diagonal line.

Simple Regression Analysis

Calculation of Simple Linear Regression in SPSS 20.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,163	10,188		1,685	0,100
	KOMPENSASI	0,795	0,127	0,713	6,268	0,000

a. Dependent Variable: Performance

Based on the above calculation, a regression equation is obtained which can be used to predict the Employee Performance variable through the Compensation variable, $Y = 17.163 + 0.795 X$.

a value of 17.163 means that, if there is no Compensation for PT.Sango Indonesia, then there will still be Employee Performance of 17.163 at PT. Sango Indonesia.

b value of 0.795 has a meaning that, Compensation has a positive influence on Employee Performance. This means that a one point increase in Compensation will result in an increase in Employee Performance at PT. Sango Indonesia is 0.795.

Conversely, if there is a one-point decrease in Compensation, then it will be followed by a decrease in Employee Performance of 0.795 at PT. Sango Indonesia.

Determination Coefficient Analysis (R²)

Based on the value of r on the calculation of simple correlation analysis, the writer can do the analysis of determination coefficient

$$Kd = r^2 \cdot 100\%$$

$$Kd = (0,713)^2 \cdot 100\%$$

$$Kd = 0,5083 \cdot 100\%$$

$$Kd = 50,83\% \text{ or } 0,508$$

$$\text{the rest} = 49,17\% \text{ or } 0,491$$

Based on the above calculations, it can be concluded that Compensation has a contribution of 50.83% influence on PT. Tango Indonesia's Employee Performance. While the remaining 49.17% is influenced by other factors.

Discussion

Based on the description and explanation above, conclusions can be drawn from the following:

Compensation found at PT. Sango Indonesia is quite good. This is indicated by the average value of a total score of 79.5 which is located in the 73.0 - 80.4 class interval, which is quite good. Employee Performance at PT. Sango Indonesia is good. This is indicated by the average value of a total score of 80.58 located in the 76.9 - 86.1 class intervals which are good.

Based on the calculation of the regression equation that can be used to predict employee performance variables through compensation variables, namely $Y = 17,163 + 0,795 X$, meaning that if the compensation value is 0, then the employee's performance increases by 17,163. Regression coefficient value of employee performance variable (b) is 0.795; this can be interpreted that each time the influence of compensation increases by 1, the employee's performance will also increase by 0.795.

Analysis of the correlation coefficient (r) is equal to 0.713. This shows a very strong influence between variable compensation and employee performance. The coefficient of determination (KD) that is equal to 50.83% from the results of the calculation shows that the effect of compensation (variable X) affects employee performance (variable Y) in PT.Sango Indonesia. 50.83% while the remaining 49.17% is influenced by other factors.

Suggestion

Based on the results of the research that has been done, the writer tries to give suggestions to PT. Sango Indonesia as follows:

In this case the author recommends that companies can provide benefits in a fair and fair manner in accordance with employee contributions to the company. In addition, the authors also advise companies to be able to hold training or leadership training for leaders, so that leaders can provide direction to subordinates regarding good cooperation.

Suggestions for Research Next Compensation Optimization is an interesting topic of study because Compensation has a significant influence on Performance. By exploring and understanding the meaning and meaning of Compensation, it is hoped that strengths can be developed to improve Performance. In the next stage, research

needs to be done to determine the effect of variables other than compensation in order to improve performance.

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