

THE INFLUENCE OF COMPENSATION AND MOTIVATION ON EMPLOYEE PERFORMANCE IN PT ARWANA ANUGERAH KERAMIK TBK.

Denny Nabawi¹, Zunaidah², & M. Kosasih Zen³

ABSTRACT

This research purpose is to examine the effect of compensation and motivation on employee performance in PT Arwana Augerah Keramik Tbk. The object of this research is an employee in PT Arwana Anugerah Keramik Tbk. with 80 employees as a sample. Method for collecting data is using questionnaire. The collected data are tested by validity test, reliability test, analysis coefficient of determination test (R^2), T Test (Partial), F test (Simultaneous) and Multiple Linear Regression Analysis. The result of this research indicate that compensation has a significant positive effect on employee performance with $2,603 > t$ table 1,668 where motivation aslo has a significant positive effect on employee performance with $1,840 > t$ table 1,668. Simultaneously, independent variable effect on employee performance with 0.761 or 76,1% influence on employee performance.

Keywords : *compensation, motivation, employee performance.*

INTRODUCTION

Background

Employee as a successor in the company should be supported with a good management to make them enjoy and appreciate their job. To reach the best performance, the employee should follow with a good treatment of management. The company should treat wisely, fairly, also happily to make employee enjoy during working and make them loyal to the company. An organization must manage four types of assets to support the success of the company overall. The assets are physical, financial, intangible, and human. Physical assets including buildings, land, furniture, computers, vehicles, equipment, and \etc. for financial are cash, financial resources, stocks, financial securities. Then intangible assets like specialized research, capabilities, information systems, designs, and operating process. And last is human including individual with talents, capabilities, experience, professional expertise, relationship, and etc. (Robert and John (2007:4))

Management consist of 6M criteria consist of, men, money, methods, materials, machine, and markets (Zainal, Ramly, and Mutis, (2015:14)). It puts money as the second of important point to manage the business after men (employee) which will prompt them in working. Every employee should be selected as well to avoid from some loss caused by turn over or resign in the company. Human Resource Management (HRM) its self is the use of individuals to achieve organizational objectives (Wayne and Joseph, (2016:25)). Civil company and private company are considered to be

¹ Alumni Fakultas Ekonomi Jurusan Manajemen Universitas Sriwijaya

² Dosen Fakultas Ekonomi Jurusan Manajemen Universitas Sriwijaya

³ Dosen Fakultas Ekonomi Jurusan Manajemen Universitas Sriwijaya

excellent for the success of the company by achieving the goals and purposes of the company. To make it true, cannot be separated by the role of employee as the main factor of the company because from input, process, output, until distribute mostly will take handle by employee. The principal of human resource management are the principle of humanity, the principle of democracy, the principle of equal pay for equal work, the principle of unity of directions, the principle of unity of command and the principle of efficiency.

Here are focus on two principles for the employee, the principle of humanity and the principle of equal pay for equal work. Employee needs to understand their position in working, sometimes there are something which is cannot be predict by themselves happen in their life. Then is equal pay for equal work, the first point they will ask after they did their job is money or other kind of reward. Employee is a human, the more they action the more they need attention, the better they do the job the more they need to be appreciated. It means there is something they are doing to get other thing to be understood by the company.

Employee as human factor need to be managed by manager continuously because an abstract behave and unpredictable action may lead for the success or even the failure for the company. As human to obtain more salary is normal, whereas they will feel appreciate, feel comfort and happy because someone have attention to them, moreover it is the manager themselves. They will get more fervency in working and causes an increasing performance of working.

Due to (Thomson 2002) cited by Kadarisman (2014:118) compensation is the important factor which influence how and why people working in an organization and do not in the other organization. is It a choice by employee to choose that company which one is better for them with compensation as main factor for their consideration. They will compare the compensation among companies, so do the level of working that they going to do. The more compensation in their work, their loyal to the company will improve.

By giving a reward in form of financial or non-financial will influence their motivation during working. They prompt by some motive which make them survive and loyal to the company. Motive is stimulated of wants and driving force to work. Every motive has a purpose to be reached. In this case, the motive is compensation which will be reached by employee. The more their compensation, the more their motivation will be.

(Edwin B. Flippo in Hasibuan 2014:143) stated that motivation is essence, it is a skill in aligning employee and organization interest so that behaviour result in achievement of employee want simultaneously with attainment or organizational objectives. It is as direction of the employee with the company where the essence of working should be support for employee during working. It aimed to reach the organization goals then their rights could be fulfilled by company.

Motivation defined as processes which explained about the strength, direction, and persistence of individual in order to reach the goals (Robbins and Judge 2015: 127). It tells us that the ability also support individual performance during working. The more employee comfort with their work, supported by their ability, the more their motivation will be. It is very affect to the performance of employee and will influence the efficiency and effectiveness of the company.

At last, every company are intending to get the best performance of their own employee. Job Performance defined as work performance in terms of quantity and

quality expected from each employee (Khan et al, 25, cited by Miradiptan, Susanty 2013:13). It is explained that employee will compete each other or their partner during working although do not directly perceived by employee. Performance is an activity to provide input for important decisions such as promotion, transfer, and termination of employment (Zainal, Hadad, Ramli, 2014:372). It is as a tool for manager to measure the performance of working and choose the best action which will be applied to the employee as their own performance.

The manager who expected will concern to find the best employee performance to be valued and give the reward in form of cash or other kind of appreciation. In term to increasing the performance of employee, giving a fair compensation will appreciate themselves, stimulate to work better because of compensation which given to the employee makes they feel appreciated. Moreover supporting by giving bonus for the best employee performance every single month, or a certificate for the best employee at the end of the year also some of promotion, these ways will prompt the employee to work better, try to do their best and absolutely it will motivate them and make the performance of their job will increase by some offers which presents.

Nowadays, so many cases shows that unfair compensation makes a lot of employee speaks up or protest to the company about their fund during working. Usually employee will try verbally to sounding their unfair feeling and dissatisfaction with company treatment and then tend to choose exit way, means dissatisfaction expressed through behaviors that lead to leaving the organization (Robbins and Judge, 2015:48). Compensation is major factor which makes them stand on and loyal with their job. In Indonesia there are many issues and cases related to worker and company where both side are not running well due to the principle of human resource and it is happened to the big company which had triumphant in their time.

This thesis took a research in PT Arwana Anugerah Keramik Tbk.. The company is one of the biggest in the ceramic industry. Based on the introduction, the research problem of this research are how the influence of compensation and motivation partially and simultaneously on employee performance in PT Arwana Anugerah Keramik Tbk.? Then, which variables is dominant on employee performance in PT Arwana Anugerah Keramik Tbk.?

The result of this research is hoped to be useful for human resource management literature and human behaviour. It will add a recent knowledge about employee's behaved based on job compensation, motivation and performance. This study also make the uncertainty of the issue more clear and getting the new information about the relationship among compensation, motivation and employee performance in the company. This study also hoped to be useful for manager, especially for manager of human resource management in PT Arwana Anugerah Keramik Tbk. to reach the best performance of employee.

Research problem

Nowadays, following the global era the problem is getting more complex, especially in determining regarding to the questions in this research to get the findings based on the data and research previously. The following problems in this research are :

1. How the influence of compensation and motivation partially and simultaneously on employee performance in PT Arwana Anugerah Keramik Tbk.?
2. Which variables is dominant on employee performance in PT Arwana Anugerah Keramik Tbk.?

Purposes

This study aimed to give empirical evidence in PT Arwana Anugerah Keramik by two purposes :

1. To analyze the influence of compensation and motivation partially and simultaneously on employee performance in PT Arwana Anugerah Keramik Tbk.?
2. To analyze which variables is dominant on employee performance in PT Arwana Anugerah Keramik Tbk.?

Benefit

Based on the goals in this research, the contribution wishes in this research are :

1. Theoretical Benefit

This study contributes to human resource management literature and human behaviour, specifically the influence of compensation and motivation on employee performance in PT Arwana Anugerah Keramik Tbk.. It will add a recent knowledge about employee's behaved based on job compensation, motivation and performance. This study also make the uncertainty of the issue more clear and getting the new information about the relationship among compensation, motivation and employee performance in the company.

2. Practical Benefit

In practice, this study hoped to be useful for manager, especially for manager of human resource management in PT Arwana Anugerah Keramik Tbk. to reach the best performance of employee by controlling them by these variables with the role of compensation, motivation and employee performance in the company to be implemented and developed them as a successor factor in the company with fair treatment for all employee, so the employee feels fair and respect by management and will give their best contribution for company.

RESEARCH METHODS

This research took place in PT Arwana Anugerah Keramik Tbk.. This study uses both primary and secondary data for supporting research findings. The primary data is the data which derive directly from the employee. The secondary data in the form of profile data about the company and employees, organizational structure, the company's history, as well as other supporting data also the journal and article which supporting the research. Variable used in this research consist of three variables. The variables are compensation as independent variables (X_1), Motivation (X_2) and performance as dependent variables (Y).

Independent variable is a variable which influence or cause changes or how dependent variable comes (Sugiyono 2016:39). This variable commonly said as stimulus, criteria, predictor, or antecedent. Where, dependent variable often called as output variable, criteria, consequence (Sugiyono 2016 : 39). Dependent variable which influence or cause of something because there are independent variables.

Population is a generalization of scope consist of objects with the certain quality and characteristic set by researcher to be studied (Sugiyono 2016 : 80). The population in this research is all employees in PT Arwana, Indralaya which is consist of 373 employees. The sample used in this research consist of division of head of production, sorting packing, financial administration, plant manager administration, crusher, heavy

equipment, electrical, utility and security with the total amount sample is 80 respondents which will be spread with questionnaire to the respondent.

Data analysis method in this research is using multiple linear regression analysis. This method is to know the relation among variables and how strong independent variable could describe dependent variable. The data before process to multiple linear regression analysis is derived from validity and reliability test to make sure that the question is valid to represent what employee feel and consistent to be given to all the respondent.

By using this analysis will answer the hypothesis which consist of :

H1: Compensation has positively influenced on performance,

H2: Motivation has positively influenced on performance,

H3: Compensation and motivation has positively influenced on performance, and

H4: Compensation has dominantly influenced on employee performance.

DATA ANALYSIS AND DISCUSSION

The result of this research supported by SPSS program to know the relation among variables and how strong independent variable could describe dependent variable with using multiple linear regression analysis. The data below will describe how strong independent variable partially and significantly influence to the dependent variable and how strong both independent variable simultaneously and significantly influence on dependent variable. The figure below shows the result of multiple linear regression analysis, partially for each independent variable to dependent variable and simultaneously both independent variable to dependent variable.

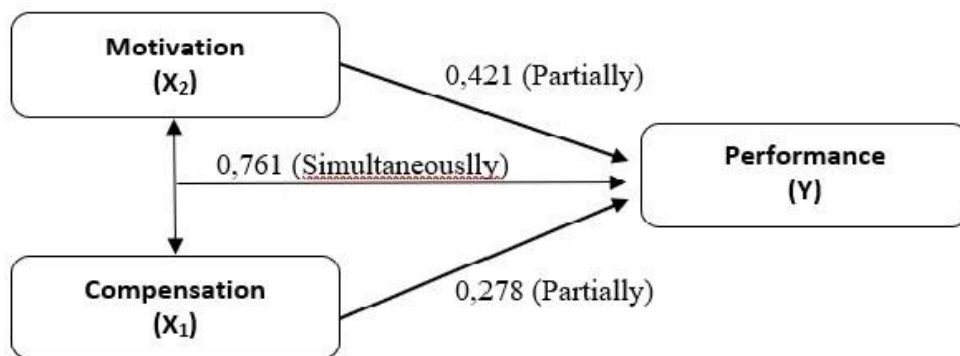


Figure 1. The Result Of Processing Data Research

Procedurally, the result derived from the questionnaire which has been spread out to the respondent. After that the data get validity test to make sure that the question is valid due to the variable research. Then, the data tested by reliability test to test the question is stable and constant so the question in the questionnaire could present the variable research. The test is continue to t test to know each independent partially and significantly influence on dependent variable then F test to know both independent variables simultaneously and significantly influence on dependent variable by using multiple linear regression analysis to find out the result. By the result also, we can see which independent variables is dominant on dependent variable by the number of t test (partially). The result says that compensation has dominantly influenced on employee performance than motivation. It is indicate that compensation and motivation as

independent variable partially, simultaneously and significantly influence on employee performance, means that the more compensation and motivation, the more performance will be.

CONCLUSION AND SUGGESTION

Conclusion

The data analysis shows that variable of compensation (X_1) and motivation (X_2) have positive influence and significant on employee performance (Y). The result also supported for both independent variables (compensation and motivation) partially and simultaneously influence on employee performance as dependent variable where variable of compensation (X_1) has dominantly influence on employee performance (Y) than variable of motivation (X_2).

The result also proved for four hypothesis which consist of :

H1: Compensation has positively influenced on performance,

H2: Motivation has positively influenced on performance,

H3: Compensation and motivation has positively influenced on performance, and

H4: Compensation has dominantly influenced on employee performance.

Suggestion

Based on the result of the research analysis and conclusion above, there are some suggestion that hopefully will give some benefit to the company. The suggestion is such as :

1. Compensation (X_1) which enacted in PT Arwana Anugerah Keramik Tbk. has good. But there are some problem that should be pay more attention for company such as giving equal pay for equal work, make sure that the right man (employee) in the right place means the employee work according to their skills
2. so they can measure the effort they give is equal with the payment they get. Also the salary or other kind of compensation is competitive with other company, so employee feels that their future in this company is bright and stimulate them to be loyal.
3. To increase employee motivation (X_2) there are so many thing that company can do for employee, such as the convenience of work environment will give the serenity and comfort for employee to work better and increase their performance, giving more involvement to the employee will stimulate them to work better and trying to serious to make sure that his/her work is well done then giving more opportunity for job promotion will increase their ability and positive competition among employee to give their best performance. If company take these actions, employee tend to work better and become more productive.
4. Employee performance (Y) has been good but company should be always pay attention to maintain the performance even to increase it. There are some improvement which can do such as giving employee rights, reward and punishment, job promotion, training and take some gathering for all employee levels.
5. For the next researcher, this research indicate 76,1% compensation and motivation influence on performance where 23,9% could be influenced by other factor like work culture, leadership, job stress and other variables to take as the new topic in the research.

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