

# Effect Of Compensation And Communication On Employee Performance Of PT. Metra Palma Api (Medco Agro)

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## ABSTRACT

The research was conducted with the aim of knowing the effect of compensation and communication on performance at PT. Api Metra Palma (Medco Agro). The research was conducted by distributing questionnaires to 57 respondents with accidental sampling technique. The analytical tool uses SPSS (Statistical Product for Service Solution). The results of the research conducted through a partial test showed that compensation had a positive but not significant effect and communication had a positive and significant effect. While the results through the simultaneous test show that compensation and communication have a positive and significant effect.

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## I. Introduction

Human Resources (HR) in an organization has a very important war and becomes one of the benchmarks in achieving performance. The quality of human resources who have competence as needed with high quality standards will have an impact on achieving high performance in quantity and quality, and vice versa will have an impact on achieving low performance. Thus, organizations that target to have a sustainable competitive advantage are required to focus on managing their human resources through the planning, management, and monitoring processes.

Performance is influenced by many factors, including compensation and communication. Compensation is everything that is received by employees as a form of remuneration when carrying out tasks in accordance with their duties and responsibilities. The compensation provider must have a sense of justice and have competitiveness with similar organizations, so that it has an impact on a high level of satisfaction. Employees who are satisfied will have high motivation to carry out their duties so that it has an impact on performance achievement. Organizations need to pay attention to various policies in providing compensation, with the aim of rewarding employee performance, ensuring fairness, retaining quality employees, as cost control, and being able to comply with applicable laws and regulations.

PT. Api Metra Palma (Medco Agro) is a palm oil plantation company in several regions in Indonesia (Papua, Halmahera, Kalimantan, Jambi, and Bengkulu) which has its head office in Jakarta. The number of employees currently employed reaches three thousand people, including workers with a wholesale system. The company has conducted a performance assessment every year divided by six months, with data for the last three years according to the following table:

*Table 1 Performance Assessment Results*

Year	Under Perform	Below Target	Meet target	Exceed target
2018	0.02	0.41	0.55	0.03
2019	0.04	0.55	0.49	0.00
2020	0.02	0.66	0.48	0.00

Source: Internal HRD Data PT. Metra Palma Flame 2021

Table 1 shows that the below target performance assessment has increased every year from 2018 by 41%, 2019 by 55%, and in 2020 by 66%. Meanwhile, the increase in the meet target performance assessment in the opposite condition decreased from 2018 by 55%, 2019 by 49%, and in 2020 by 48%.

The author in conducting this research also conducted an initial survey to find out what factors were the cause of the non-achievement of performance with the data according to the following table:

Table 2 Pre-Survey Results

No.	Statement	Results	
		Satisfied	Not Satisfied
1.	The salary I receive is in accordance with what I have done for the company	40%	60%
2.	The incentives provided by the company match my expectations	30%	70%
3.	I feel that my current job means a lot to my life	95%	5%
4.	I am satisfied with the work environment in the company	65%	35%
5.	I feel comfortable with my coworkers and boss	70%	30%
6.	Something creative that I do is appreciated by the leadership of the company	50%	50%
7.	The company always conveys important information to employees quickly	15%	85%

Source: Pre-Research Data PT. Metra Palma Flame 2021

The results of the pre-survey according to Table 2 show that the biggest problem is 70% on the incentive instrument provided by the company and 85% on communication problems in terms of the company conveying important information to the company which is carried out quickly is still considered dissatisfied.

## II. Methods

The research was conducted using a quantitative approach which is a scientific method based on data that has a concrete, measurable, objective, systematic, and rational nature. Data was obtained through a field survey with a questionnaire tool to measure respondents' perceptions of performance variables that were influenced by compensation and communication using a Likert scale. Processing and analyzing data using the SPSS (Statistical Product for Service Solution) program and instrument testing has been carried out to measure validity and reliability with the results meeting the validity test (comparing r-count and r-table) and having met reliability with Cronbach's alpha value above 0.6 .

The research was conducted using two independent variables (compensation and communication) and one dependent variable (performance) with the following framework:

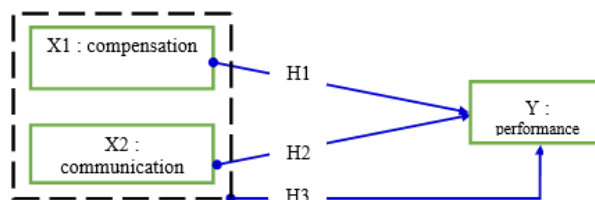


Figure 1 Thinking Framework

According to the figure above, the analysis is carried out using multiple linear regression analysis to determine the influence of the independent variables (compensation and communication) on the dependent variable (performance) partially, and has been tested simultaneously. The hypotheses in this study are:

1. H1: it is suspected that there is a significant positive effect between compensation on performance.

2. H2: it is suspected that there is a significant positive effect between communication on performance.

3. H3: it is suspected that there is a significant positive effect simultaneously between compensation and communication on performance

### III. Result and Discussion

The results of data processing using SS tools with multiple linear regression analysis test with the following results:

*Table 3 Multiple Regression Analysis Results*

	Model	Unstandardized Coefficients			Sig.
		B	Std. Error	t	
1	(Constant)	1.600	0.348	4.594	0.000
	Compensation	0.143	0.103	1.389	0.171
	Communication	0.449	0.129	3.479	0.001

From these equations it can be explained that:

- 1 The constant of 1,600 states that the magnitude of is 1,600 assuming the compensation variable (X1) and communication (X2) is equal to 0. It shows that the performance value without being influenced by X1 and X2 is very low, namely 1.6 from a scale of 1 to 5.
- 2 The regression coefficient of compensation gives a value of 0.143 which means that any additional compensation value will increase employee performance or vice versa, assuming the communication variable (X3) is fixed. The results of the study can be concluded that compensation partially has an effect (as evidenced by the value of  $t_{count} < t_{table}$  ( $0.389 < 1.673$ )) but not significant (significance value of 0.171,  $> 0.05$ ). from the results of this study it can be concluded that the compensation given to employees is one of the motivational tools for employees, but has not fully influenced the high and low performance of employees due to the level of preference of various employees. Organizations should be able to increase employee motivation through various compensation programs in the form of direct or indirect compensation. The results of this study differ from previous studies that compensation has a positive and significant effect by Aamir et. al., (2012). Meanwhile, the result of this research is that compensation has a positive, but not significant, effect.
- 3 The communication regression coefficient gives a value of 0.449, which means that each additional value of communication will increase employee performance or vice versa, assuming the variable compensation (X1) and career development (X2) is fixed. The results of the study can be concluded that communication has a positive effect (communication variable is 3,479. The  $t_{table}$  value is seen from the degrees of freedom ( $df = n-2$ ) that is 1,673. Then obtained  $t_{count} > t_{table}$  or  $3,477 > 1,673$ ) and significant (significance value of 0.001,  $< 0.05$ ) on performance. The results of this study indicate that the communication built between members of the organization is perceived to have been well established and has an effect on performance. This also shows that the source of communication, the message conveyed, and the reception of communication among members of the organization are quite good, although there may still be weaknesses and shortcomings in implementation. The results of the study are in line with and support previous research related to the effect of communication on performance conducted by Juita and Derma (2008).
- 4 Simultaneous testing (F-test) has also been carried out in this study with the aim of knowing how much influence the independent variables (compensation and communication) have on the dependent variable (performance) with the following results:

Table 4 F-Simultaneous Test Results

		ANOVA <sup>a</sup>				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	799.481	3	266.494	18.974	0.000 <sup>b</sup>
	Residual	730.358	52	14.045		
	Total	1529.839	55			

a. Dependent Variable: performance

b. Predictors: (Constant), Compensation , Communication

From the results of the table it is concluded that the compensation and communication variables were tested simultaneously and had a positive and significant effect on the performance variable. This result is evidenced by the value of  $F_{table} < F_{count}$  ( $2.78 < 18.974$ ). Then, the significant value (Sig.) on the variables of compensation, career development and communication is  $0.000 < 0.05$ .

#### IV. Conclusion

##### A. Conclusion

The conclusions drawn from the three research hypotheses are:

- 1 Compensation has a positive but not significant effect on employee performance at PT. Api Metra Palma (Medco Agro).
- 2 Communication has a positive and significant effect on employee performance at PT. Api Metra Palma (Medco Agro).
- 3 Compensation and Communication simultaneously have a positive and significant effect on performance at PT. Api Metra Palma (Medco Agro).

##### B. Suggestion

Suggestions from the results of this study are:

- a. Suggestions for the management of PT. Api Metra Palma (Medco Agro) in terms of improving performance through communication variables, indicators that need attention include: good relations, understanding and responsibility from the quantity dimension, as well as optimal use of resources (ability, communicative, responsible, disciplined, creative, and efficient), and the amount of work produced can reach the target.
- b. Suggestions related to indicators of good relations should every member of the organization and management be able to separate relationships both in terms of friendship and good relations professionally in terms of work. This is done so that the friendship that is made does not cause conflict so that it reduces the quality of the relationship and has an impact on the achievement of performance
- c. Suggestions for further research is to raise the variables that affect performance include: motivation, leadership, work environment, culture and other variables with the object of study at PT. Api Metra Palma (Medco Agro) or similar organizations. This is done to find out how much other factors affect performance.

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