



# COMPENSATION AND MOTIVATION IN IMPROVING EMPLOYEE PERFORMANCE PT. ROMI VIOLETA SIDOARJO

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## ABSTRACT

Reference to work enthusiasm in improving employee performance applied by PT Romi Violeta. Compensation and motivation need to be given to employees so that they have work enthusiasm and prosperity in order to achieve targets and prosperous employees. The formulation of the problem of this research is: 1) How is the application of compensation to the performance of employees of PT Romi Violeta Sidoarjo. 2) How is the application of motivation on the performance of employees of PT. Romi Violeta Sidoarjo?, 3) What are the implications of applying compensation and motivation to improving the performance of employees of PT. Romi Violeta Sidoarjo. The aims of this study are: 1) To describe the application of compensation to employee performance at PT. Romi Violeta. 2) Describe the application of motivation in PT. Romi Violeta. 3) To describe the implications of applying compensation and motivation to increase work at PT. Romi Violeta. In preparing this thesis, the author uses a qualitative approach research method. This type of research uses a type of field research (*field research*). The results of this study conclude: The application of compensation carried out by PT. Romi Violeta Sidoarjo to his employees is very kind and appropriate. Compensation provided such as allowances, *reward*, and others according to regulations. Compensation and motivation are a unit that are interrelated and influence the improvement of

employee performance. However, in January – June 2021 PT. Romi Violeta experienced a decrease in employee performance by 5% because some employees considered compensation in the form of bonuses to be inappropriate, but in fact the bonuses given were in accordance with company regulations. Therefore, the company/industry needs to provide another understanding of the bonuses received so that misunderstandings do not occur.

## 1. INTRODUCTION

The problem that is often faced is how to manage human resources so that they can carry out their duties as well as possible based on high responsibility in order to achieve the goals set by the company, but companies must also be able to balance the performance given by employees with rewards or reward towards the achievements given by the company in its performance so that they feel that the efforts made are appreciated. Motivation is an impulse that appears in a person consciously or unconsciously to take an action with a specific goal in achieving something he wants, and also to get satisfaction for the effort made, therefore motivation is often interpreted as a supporting factor for a person's behavior (Sutrisno, 2009) For example, employees can carry out work according to deadlines and high responsibilities. Without the motivational support from the corporate environment, achievement will be difficult to achieve. In the world of work, motivation plays a very important role in increasing loyalty, creativity, creating an atmosphere and good working relationships (Tintin, 2017). The increase or decrease in performance is also influenced by the comfort factor of employees at work, because if employees feel uncomfortable in the environment where they work it will affect the work done. Motivation is very crucial for the achievement of the company, because the progress of an organization depends on the role of the people in it (Tri, 2021).

A part from the encouragement of motivation, additional support which is one of the important factors in supporting the existence of banking in advancing the quality and

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management of work is the provision of compensation to the human resources in it so that their performance feels valued. Compensation is any form of reward or remuneration in the form of cash or cash not tunai provided by banking institutions to their employees in return for work done. It can be seen that compensation is not the same as salary, salary is wages that are paid for a predetermined period of time, the remuneration is in the form of money within a certain time in a contract (Rachmawati, 2007). Salary is part of compensation but what is included in compensation is not just about salary. Giving compensation is a driving force in increasing employee performance, if the compensation given is not comparable to what employees provide on the basis of institutional progress, it will affect employee performance (Rika P, 2017).

Basically compensation is the result of selling human resources to companies where employees have given all their abilities and best efforts for their place of work, so naturally the institution gives appreciation for their efforts by providing remuneration and if compensation is made correctly for joint success automatically the company will provide compensation that is proportional to the best efforts of employees given to the company. Giving compensation is very necessary to improve employee performance to motivate them to produce better performance and produce more achievements, therefore the importance of organizational attention to providing rational and fair compensation is very necessary. The level of compensation determines the scale of the economic life of employees, because it relatively indicates employee rates. Which can be seen from how high the position in the company is or can be seen from how much achievement is issued for the progress of the company, with this in mind, if employees perceive that compensation is inadequate, productivity, achievement and employee performance will decrease. Compensation is also one of the reasons employees feel at home working at the company.

PT. Romi Violeta Sidoarjo is one of the largest wood and rattan furniture industries in Sidoarjo Regency. The employees number in the thousands, but as the years go by, in 2021 in terms of performance measurement, there are lots of divisions that are underperforming or underperforming. This is what is the interest of researchers to examine further about compensation and motivation in improving the performance of employees of PT. Romi Violeta Sidoarjo.

#### **Previous research:**

1. Research conducted by Abdul Latief, (2018) with the title "The effect of compensation and motivation on employee performance at the oil palm research center (PPKS)". The conclusion from this research is that the two independent variables, namely compensation and motivation, have a positive effect on the dependent variable, namely employee performance. The partial test results are not significant to the performance variable, and the simultaneous test results (together) show that the compensation and motivation variables have an effect but not significant on the performance variable (Latief, 2018). The differences that I examined regarding the location of the research, the method I used used qualitative and Abdul Latief used quantitative, compensation and motivation greatly influenced the improvement of employee performance at Bank BTN KC Jember, but did not play a big role in the research conducted by Abdul Latief.
2. Research conducted by Fransisca Marseila, (2018) with the title "the influence of motivation and compensation on PT Dipa Pharmed Intersains Jakarta". This research was conducted to determine the effect of compensation and motivation on employee performance. Data were analyzed using multiple linear regression analysis, f test, t test, and the coefficient of determination. The results of the study show that motivation has an effect on employee performance, and compensation has no effect on employee performance. This study used quantitative research methods, using sampling techniques *Proportional Random Sampling*, data collection techniques used were interviews and questionnaires (Fransisca, 2019). The difference with what I researched is regarding the location of my research at PT. State Savings Bank Jember Branch Office and motivation and compensation have the same effect on employee performance, and the methods used are also different, namely qualitative methods and Marselia uses quantitative methods.

3. Research conducted by Doni (2021) with the title "Analysis of Compensation in Efforts to Improve Employee Performance at PT. Inti Harapan Palm Oil Award. The results of research from researchers namely, the compensation provided by PT. Sawit Harapan Award in the form of direct compensation such as basic salary, and indirect compensation Non Financial such as holiday allowances, health benefits, overtime pay, pleasant co-workers, and so on. In the last 6 months the employee's performance has not been maximized, with the reason that some are satisfied and some are dissatisfied with the compensation given by the company because the company often delays giving compensation to its employees. The difference with the research that the authors conducted at PT. State Savings Bank Jember Branch Office compensation given to employees on time and in accordance with the performance that employees do for the company, therefore PT. State Savings Bank Jember Branch Office every year the percentage of employee performance always increases because the company always uses a very good strategy every year (Doni, n.d.).
4. Research conducted by Nor Ayu Amelia, (2021) "The Role of Motivation and Compensation in Improving Employee Performance at Delima Motor Banjarmasin Dealers". The conclusion that the researchers made was that the motivation given by the leaders to their employees was inadequate and the training provided was not given evenly, only in certain parts. The compensation provided by the company is very lacking and does not match the performance they have done for the company and many employees earn salaries below the UMR. The difference with the research that the author did, namely at PT. State Savings Bank Jember Branch Office maximum motivation is given in 2 ways offline ie at the time briefing morning and provide online motivation provided through the media WhatsApp, short message service (SMS) or Gmail, and the compensation given is very satisfying, balanced with the performance that employees provide for the company (Amelia, n.d.).
5. Research conducted by Haeril Anwar (2022), "The Influence of Compensation and Work Motivation on the Performance of Employees of the Regional Drinking Water Company (PDAM) in Sinjai Regency". Based on the results of the author's research, compensation is the totality of remuneration received by employees as a result of implementing work in the organization in the form of money or in other forms, such as wages, bonuses, incentives, and other benefits such as health benefits, meal allowances and so on. Compensation is divided into 2 directly and indirectly. Direct compensation consists of wages, salaries, benefits, commissions. And indirect compensation such as vacations, various insurances, religious care for children and so on. And the motivation given by the company to its employees is done optimally, such as giving encouragement from superiors to their subordinates. The conclusion of this study shows that compensation has a significant effect on performance, motivation also has a significant effect as a boost in improving employee performance because the more often superiors provide motivation to their subordinates, the easier it will be to achieve what the company wants in the future, because if compensation is given accordingly without being balanced with motivation, it will not have much effect on the progress and development of the company (Haeril, 2022).

## **2. METHODS**

The approach that the author uses is a qualitative approach, namely a research method used in natural conditions of the research object, and the researcher is a key instrument and also produces descriptive data in the form of written words orally from the people or behavior experienced (Moleong, 2002). A qualitative approach is data that is true, not data that just looks without a clear source with various data sources and various data collection techniques (Sugiyono, 2015). The type of research used is field research (field research) namely by looking for data on the application of compensation and motivation directly at the research location by looking at the object to be studied (Moleong, 2002). Researchers must go into the field and interact directly. This research is a form of research that uses a qualitative descriptive format, namely examining an object, a condition, a system of thought, or an event that is happening in the present. The research location is an object in the research process that will be carried out in order to solve

the problem that the researcher will raise as a title. Determining the research location is an important stage in qualitative research, because by determining the research location, it means that the object and objectives have been determined, making it easier for the writer to do the research. In accordance with the research title regarding the research location, namely at PT. Romi Violeta Sidoarjo. Jl. Kesatrian, Sono, Sidokerto, Buduran, Sidoarjo 61252. The aim of the authors is to examine PT. Romi Violeta Sidoarjo because employee performance has decreased in 2021 which is the main attraction for the author to examine what is the problem with this decline in performance.

Is a book obtained from the results of research that can be used as the basis of opinion. Technically, more relevant data are collected empirically. Data is important information about research objects that can be processed at the location to be studied (Anggito & Setiawan, 2018). While the data collection technique is a strategy in obtaining the data the researcher wants to obtain information. This answer needs to be explored empirically is a legal research method that uses empirical facts taken from human behavior, both verbal behavior obtained from interviews and real behavior carried out through direct observation. In this part of the data collection technique, the writer needs to determine which method will be used to write and collect all the data that has been researched. As for how many data collection techniques are used by the author in conducting research as follows: (a) observation, (b) Interview, (c) documentation

Documentation is an activity or process of collecting, sorting, processing in providing various documentation with accurate evidence from recording sources of information. Documentation technique is a record of past events, this documentation is a complement to the use of observation and interview methods in qualitative research. According to (Guba, 1983) documentation is used for research materials as a stable, rich, and encouraging source of data. As proof of a test. Documentation is scientific, according to context, born and in context. Researchers used the documentation method to obtain data including: (a) the history of the establishment of PT. Romi Violet, (b) Vision and Mission of PT. Romi Violeta, and (c) Other relevant documentation obtained from various sources was carried out *validity* in strengthening the analysis of the object of discussion. Data analysis is an effort made by working with data, coordinating data, sorting it into manageable units, consolidating it, looking for and finding patterns, finding what is important and what is learned, and deciding what to tell others. To analyze the data, the researcher used a qualitative descriptive analysis technique, which is a method used in a data that has been collected then compiled, explained and then analyzed and described in words or sentences. Miles and Huberman the data analysis process in qualitative research includes 3 things namely (Ahmad, 2008): (a) Data reduction, (b) Data Presentation and (c) Conclusion

### 3. RESULTS AND DISCUSSIONS

#### Results

Based on the results of research conducted by the author through the method of observation, interviews and documentation related to "Compensation and Motivation in Improving Employee Performance at PT Romi Violeta Sidoarjo". Then the results of these studies need to be held a discussion of the results of the research that the author did.

#### **Compensation for Employee Performance at PT. Romi Violeta Sidoarjo**

Compensation is everything that is received by employees as remuneration by providing direct or indirect compensation to employees who have given their energy, thoughts and time to the company which is given based on policies that can affect further performance (Edi, 2022). Compensation Type *financial* (direct) that must be received by employees is salary which is an award that must be received by employees regularly for services and business results (Heru, 2010). Because at the beginning it was stated that they had passed and started working for the company, the employees signed what range of salary they would receive with their respective positions and positions. As for compensation *financial* others such as bonuses, reward, holiday allowances (THR), and so on according to company regulations to get this with certain criteria that must be met so that employees are more active at work and complete their responsibilities on time.

As for the provision of compensation *Non-financial* (indirect) such as awarding certificates of appreciation for outstanding employees, free holidays at home and abroad, insurance, leave allowance, Social Security Administration Agency (BPJS) cards, official housing facilities for employees with high positions, and office facilities and others etc. given to employees who are still active or working for the company to complete their responsibilities. Provision of good office facilities is very meaningful for employees to make it easier for them to do their work quickly and all their needs have been facilitated because if this is not fulfilled then employees will look for it outside the office such as *photocopy*, print and so on because it will take a long time and energy if you have to look outside the office. Apart from that, parking facilities, clean and comfortable places of worship, comfortable offices, air conditioning, *Wifi* smoothly, computers that are comfortable to use, clean toilets, and other supporting facilities

In addition to PT. Romi Violeta also appreciates the employees who have achieved and are doing *output* good for the company by giving rewards *financial* can be in the form of cash prizes, and awards *Non-financial* such as certificates or getting holiday gifts both at home and abroad and awards *non financial* other. This is done so that they feel valued for their efforts to achieve good performance by giving proper awards so that it will improve employee performance.

It is hoped that the award for employees who excel will be a positive encouragement for other employees to improve their performance again in 2021 quarter 1 which is starting to slack by improving their performance by producing an increasingly better performance. Even so, in addition to the decline in employee performance, there are still employees who are able to flap their wings to improve themselves to be better by producing an achievement.

Awards for outstanding employees, the company also provides bonuses for employees. As for the employee's criteria for obtaining a bonus, the bonus is an addition which will result in more than the total salary that should be earned. As for the standards that must be met by employees to obtain the bonus, namely the bonus will be given to employees every 6 months.

#### **Motivation on Employee Performance PT. Romi Violeta Sidoarjo**

Providing direct motivation given by the company, such as before starting work, all employees gather in one room to perform *briefing* which this activity is a place for employees to express aspirations to exchange ideas, insights, because the leadership at PT. Romi Violeta is very open to anything and creates intimacy so that there is no awkwardness between superiors and subordinates when there are problems that really require his opinion so they can be resolved easily. Then there is a session explaining the results of the achievements obtained by the employee concerned which aims to motivate others to be even more active in order to be able to get achievements or achievements of their co-workers, then there is a shaking hands session and giving a warm smile that crosses paths and instills mutual respect between co-workers. This is done every day before starting the activity.

Besides that, the company does not only demand the rights and obligations of employees that must be fulfilled by the company, but here PT. Romi Violeta also gave equal rights by holding several events for *refresh* return thoughts, stamina, and new ideas by holding the first activity namely *outbound* which is carried out once a year this activity is carried out with the aim of reviewing the material and getting new ideas according to their respective sections. That way it is *outbound* This also helps employees to have the opportunity to achieve targets to compete for the expected career path. Therefore, this activity is the moment that employees have been waiting for.

With this career path, it is hoped that employees will have more insight into the desired field of work so that if there is competition from other industries, PT. Romi Violeta can compete well equipped with more developed insight and mindset compared to other industries. In order to develop the potential of qualified employees, PT. Romi Violeta organizes employee training, development and education programs in accordance with the company's ability to improve the welfare and increase the knowledge of its employees. In addition to the qualified facilities provided by PT. Romi Violeta for fulfilling company progress and improving employee welfare. Events held by the company are not always related to training or the like related to the company or work. The company also holds various events such as recitations which are held once a month

with the aim of increasing self-respect to Allah so that life is not solely for the benefit of the world so that when facing trials or problems it is given strength and fortitude, and this event also aims to strengthen kinship among employees so that they remind each other about all the good things and do not violate the Shari'a.

Besides the recitation event, there are also sports facilitated by the company for its employees, which are usually done every year *weekend* playing football, volleyball, badminton and other sports, the company provides these facilities with the aim of making *fresh* their minds by leaving the workload at the office to have fun after a few days of being battered by work, the purpose of this sport is also aimed at fostering cohesiveness and intimacy between co-workers so that if one of them has a problem then the other colleagues swiftly join in to embrace and help find a way out .

PT. Romi Violeta also held an event *Family Getring* which is held at the end of the year by visiting tourist attractions both within the city and outside the city, the company deliberately facilitates this event because the company wants to balance the efforts that employees have made for the company every year, this is expected to make employees more cohesive with each other others and a sense of kinship that is getting tighter because in the world of work the role of co-workers greatly affects comfort at the office, if *partnerwork* makes us comfortable so indirectly employees will feel at home and work well, and if there is an obstacle they don't think of a solution themselves but can share with colleagues or if necessary can *dosharing* with superiors, the company strongly implements openness. From this it shows that the provision of motivation given by PT. Romi Violeta is not only for the benefit of the company but also to create a good employee relations atmosphere. because if the motivation conveyed is good then it will produce something good too.

### **C. Implications of applying Compensation and Motivation to Improving Employee Performance at PT. Romi Violeta**

The purpose of motivation is to create a working relationship with a close family atmosphere and can increase employee morale, job satisfaction (Hasibuan., 2006). It was concluded that providing motivation and compensation for employees has a good impact on employee welfare which automatically has a good impact on improving employee performance in the future because employees are not thinking about problems *financial* to meet his personal needs and focus enough on his performance. Based on the 1st quarter, calculated from the beginning of January - May 2021 the level of employee performance at PT. Romi Violeta Sidoarjo experienced a decrease of 5%, this was due to the dissatisfaction of some employees with the compensation provided by the company so that some of them experienced a decrease in morale, especially for those who had high loyalty at work, because they felt that what had been given to the company was not comparable.

In 2021 quarter 1, employees feel that their level of welfare is not being paid attention to even though in the last year PT. Romi Violeta has experienced a pretty drastic increase in employee performance and the employees have done their best for the company but the employees get bonuses that don't match the achievements made. It can be seen from the employee's performance that needs to be improved because of that their performance has decreased, even though at PT. Romi Violeta gives motivation in many ways and is very good, but compensation regarding bonuses given affects employee performance because motivation and compensation are closely related and must be balanced. PT. Romi Violeta has actually provided appropriate motivation and compensation, it's just that the company needs to re-understand the bonuses given.

## **4. CONCLUSION**

Based on the explanation that the author made, it can be concluded that: the application of the compensation that the company provides to its employees is divided into : *Financial* and *Non Financial*. Compensation in kind *financial* such as salary, holiday allowance, *reward* for the achievements achieved, pension benefits for permanent employees (PPIP). Compensation *non financial* such as awarding certificates of appreciation to outstanding employees, free holidays,

allowances, insurance, Social Security Administration Agency (BPJS) cards, official housing facilities for employees with high positions. The provision of all forms of compensation is in accordance with the needs of employees so that they are able to prosper themselves and their families. It's just that the bonuses given to employees are given more attention so that employees get their rights properly and properly in accordance with the agreement that the company has provided. The application of the motivation that the company provides is appropriate for improving employee performance, an open attitude between superiors and employees when experiencing stingy problems, holding event *soutbound*, training programs, development and educational events *familiy gatriing* which is a holiday event as for the routine activities carried out namely recitation whose purpose is besides strengthening the brotherhood among employees. Analysis of the application of compensation and motivation in improving employee performance at PT. Romi Violeta Sidoarjo, namely employees feel a good impact by increasing morale, employees feel happy and comfortable in the company where they work because it is rare for companies to understand the needs of their employees, both motivational encouragement and providing all forms of compensation, this greatly affects their performance improvement. However, the percentage of employee performance from January to June 2021 experienced a decline in performance caused by employee dissatisfaction with the provision of compensation in the form of bonuses where some employees were satisfied and some felt dissatisfied.

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