



INFLUENCE OF COMPENSATION AND WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT PT VICTORY CHING LUH INDONESIA IN TANGERANG

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Abstract

This research aimed to determine the effect of compensation and work motivation on employee performance at PT Victory Ching Luh Indonesia Tangerang, either partially or simultaneously. Hypothesis testing and multiple regression are used in data analysis. The method used is the associative method. The sampling technique used is slovin sampling using a sample of 68 respondents. Other methods include validity and reliability tests and the classical assumption test. This study shows that compensation has a significant effect on employee performance with the regression equation $Y = 5.099 + 0.928X_1$. The correlation coefficient value is 0.856, which means the two variables have a very strong relationship level with a coefficient of determination of 73.2%, and hypothesis testing is obtained $t_{count} > t_{table}$ or $(13,422 > 1,668)$. Work motivation significantly affects employee performance with the regression equation $Y = 3.677 + 0.942X_2$. The correlation coefficient value is 0.942, meaning that both have a very strong relationship with a determination coefficient of 83.5%, and hypothesis testing is obtained $t_{count} > t_{table}$ or $(18,299 > 1,668)$. Compensation and work motivation simultaneously significantly affect employee performance with the regression equation $Y = 3.409 + 0.072X_1 + 0.879X_2$. The correlation coefficient values obtained are 0.856 (X_1) and 0.942 (X_2), meaning that the compensation variable (X_1) has a very strong relationship level and work motivation (X_2) has a very strong relationship level to employee performance (Y) with a determination coefficient of 83,6%. In comparison, the remaining 16.4% is influenced by other factors. The calculated F value obtains hypothesis testing $> F_{table}$ or $(65.663 > 2.750)$; thus, H_0 is rejected, and H_3 is accepted. This result means a significant simultaneous effect between compensation and work motivation on employee performance at PT Victory Ching Luh Indonesia Tangerang.

Keywords: Compensation, Work Motivation, Employee Performance

INTRODUCTION

In the current era of globalization, it has a significant impact on the organization's survival. Globalization has caused rapid changes in business, which require organizations to be more adaptable, have resilience, be able to change direction quickly, and focus their attention on improving the quality of service to customers within the organization.

To achieve the organization's goals, every organization needs resources that have quality and competitiveness in the business world. So, to achieve this, it is necessary to have resources that can support, including natural resources, financial resources, scientific and technological resources, and human resources.

PT Victory Ching Luh Indonesia is a company engaged in manufacturing (Footwear) under the auspices of the Ching Luh Group based in Taiwan. PT Victory Ching Luh Indonesia was founded in 2009 with the groundbreaking ceremony held on September 19, 2009, trained workers to produce high-quality sports shoes to develop the surrounding environment. Currently, the number of employees of PT Victory Ching Luh Indonesia is working with the International Brand "Nike" and has 5,300 employees.

The problem faced by PT Victory Ching Luh Indonesia is that many employees do not care about the company's state.

There are still many employees who do not understand and even are incompetent about how to produce new achievements in different ways, giving rise to several weaknesses that are still shown by employees where they are. Less motivated by their work, concern for the importance of being on time in completing work, such as employees who cannot arrive on time, employees who tend to be too relaxed in doing their jobs due to a lack of motivation in the employee. This activity makes the quality of employee work still not as expected by the company.

Herewith attached the employee attendance data at PT Victory Ching Luh Indonesia as follows:

Tabel 1
Employee Attendance Data for PT Victory Ching Luh Indonesia Stockfit Division
Period 2018 – 2020

Bulan	Jumlah Karyawan	Jumlah Hari Kerja	Sakit	Izin	Alfa	Jumlah	Presentase (%)
2018	260	317	23	19	11	53	18,6%
2019	340	314	28	21	13	62	19,7%
2020	210	316	16	13	9	38	12,0%

Sumber: HRD PT Victory Ching Luh Indonesia

From the table above, it can be seen that there are still many employees recorded from 2018-2020 who look ineffective at work. The table shows that the attendance rate of employees who are absent without explanation (alpha) has increased from year to year, from the highest average absentee level in 2019. This record is due to employees experiencing a lack of compensation, so many are absent from work.

The provision of compensation can increase employee motivation and performance. The level of compensation will determine the scale of the employee's economic life, while the relative payment shows the status and price of the employee. Thus, if the employee perceives that the compensation is inadequate, the productivity and performance of the employee will decrease. Therefore, the attention of the organization or company to rational and fair compensation arrangements is needed.

The following is compensation data in the form of salaries received by PT Victory Ching Luh Indonesia employees.

Tabel 2
Compensation Data PT Victory Ching Luh Indonesia Divisi Stockfit
Period Tahun 2020

No	Jenis Kompensasi	Jumlah Karyawan	Jumlah Penerima Kompensasi	Persentase
1	Insentif	210	12	5,7%
2	Kenaikan Gaji	210	14	6,7%
3	Promosi Jabatan	210	25	11,9%
4	Tunjangan Pekerja	210	19	9,0%
5	Kompensasi Finansial	210	7	3,3%
6	Kompensasi Non Finansial	210	11	5,2%

Sumber: HRD PT Victory Ching Luh Indonesia

Based on the data above, employees get the largest percentage of compensation, namely the type of compensation for work allowances at 9.0% and promotions at 11.9%. However, related to compensation issues, sometimes the provision of compensation is delayed by several days. The phenomenon at PT Victory Ching Luh Indonesia is the provision of payment to employees who excel in both physical and non-physical forms.

Motivation is a desire in a person that causes that person to act. People act for one reason, namely to achieve goals. Thus, motivation is a goal-driven drive and rarely appears in a vacuum. Employees who have high work motivation will be able to encourage these employees to work more enthusiastically and can make a positive contribution to the work that has become their responsibility. Several factors influence employee motivation to improve good performance and discipline.

The following is data on work motivation for employees of PT Victory Ching Luh Indonesia:

Table 3
Work Motivation for Employees of PT Victory Ching Luh Indonesia

No	Jenis Motivasi	2018	2019	2020
1	Penghargaan terhadap prestasi	85%	90%	80%
2	Adanya jaminan karir yang jelas	80%	85%	75%
3	Pekerjaan yang tetap	85%	90%	80%
4	Kompensasi yang memadai	80%	85%	75%
5	Target dan waktu pencapaian produksi	90%	95%	85%

Sumber: HRD PT Victory Ching Luh Indonesia

The phenomenon that occurred at PT Victory Ching Luh Indonesia, based on the data above, in 2018 to 2019, the percentage of assessments increased by 5%. From 2019 to 2020, the rate of reviews experienced a considerable decrease of 10% in the next period. It is known that the work motivation of PT Victory Ching Luh Indonesia's employees is not optimal.

Based on the description of the background above and seeing the importance of compensation and work motivation for employee performance, the authors are interested in conducting research with the title "The Influence of Compensation and Work Motivation on Employee Performance at PT Victory Ching Luh Indonesia in Tangerang."

Based on these problems, a research question is formulated: 1) How is the effect of compensation on employee performance at PT Victory Ching Luh Indonesia? 2) How is the influence of motivation on employee performance at PT Victory Ching Luh Indonesia? 3) How do compensation and work motivation affect employee performance at PT Victory Ching Luh Indonesia?

THEORETICAL BASIS

A. Management

1. Compensation

According to Mangkunegara (2017: 83), compensation as a system of rewards or rewards is the whole package of benefits. The organization can make something useful for its members and follow how the mechanisms and procedures for tips are distributed.

According to Hasibuan (2017:119), compensation is all income in the form of money goods directly or indirectly received by employees in return for services provided to the company.

The compensation indicators according to Hasibuan (2017:67):

- a. Salary is money given every month to employees in return for their contributions.
- b. Wages are rewards given directly to employees based on hours worked.
- c. Incentives are financial rewards given directly to employees whose performance exceeds the specified standards.
- d. Allowances are compensation given to certain employees in return for their sacrifices.
- e. Facilities are supporting facilities provided by the organization.

2. Motivation

According to Malthis (2017: 114), motivation is a desire in a person that causes that person to act. Usually, people work for a reason to achieve a goal. According to Supardi and Anwar (2016:11), motivation is a condition in a person's personality that encourages the individual's desire to carry out certain activities to achieve goals. Thus, work motivation can be interpreted as an encouragement in a person to behave in a certain way to achieve his goals.

The motivation indicators according to A.A Anwar Prabu Mangkunegara (2017:93):

- a. Physiological Needs

This need is the lowest level or also called the most basic needs.

b. Safety Needs

This need is the need for protection from the threat of danger, conflict, and the environment, not only physically but also mentally, psychologically and intellectually.

c. Social Needs

The need to feel belonging includes the need to be accepted in a group, affiliation, interaction and the need to feel loved.

d. The Need for Self-Esteem

This need is the need to be respected and appreciated by others.

e. Self-actualization

We need to use abilities, skills, potential, and the need to argue by using ideas to assess and criticize something.

3. **Performance**

According to Prabundu in Muhammad Basro (2018: 88), performance is work produced by an employee to achieve the expected goals. Performance can also be interpreted as the result of a person or group's work function/activity in an organization, which is influenced by various factors to achieve organizational goals within a certain period.

Performance is the result of a process measured over a certain time based on pre-determined provisions or agreements, Emron Edison (2017: 188). According to Mangkunegara (2017: 67), performance comes from the word job performance or actual performance (work achievement or real achievement achieved by someone). The definition of performance is the quality and quantity of work performed by an employee in carrying out his duties under the hand of responsibility given to him.

According to A. Anwar Prabu Mangkunegara (2017: 86), performance is the result of work in quality and quantity achieved by an employee in carrying out his duties according to the responsibilities given to him. Performance variables can be measured with the following indicators:

- a. Quality of work, showing tidiness, accuracy, linkage of work results without ignoring the volume of work. Good quality workers can avoid the error rate in completing a job that can be beneficial for the company's progress.
- b. Quantity of work shows the large number of types of work at one time to efficiently and effectively be carried under company goals.
- c. Cooperation is the willingness of employees to participate with other employees vertically and horizontally, both inside and outside the work, so that the work results will be better.

- d. Attendance is a certain type of work according to the presence of employees in working according to the specified time. Employee performance is determined by the level of employee attendance in the collaboration.
- e. The initiative within the company members to do work and solve problems at work without waiting for orders from superiors or showing responsibility in work has become an employee's obligation.

METHOD

Research Type

The type of research used by the author is quantitative research. According to Sugiyono (2017:8), quantitative research is a research method based on the philosophy of positivism, used to examine certain populations or samples, collect research instrument data, analyze quantitative or statistical data, to test the established hypothesis.

Operational Research Variable

According to Sugiyono (2017: 64), "Research variables are everything in any form determined by the researcher to be studied so that information is obtained about it, then conclusions are drawn."

The variables used in this study consisted of two variables, namely the independent variable and the dependent variable. The independent variable, namely the effect of compensation (variable X1) and work motivation (variable X2) and the dependent variable is the performance of employees (variable Y) PT Victory Ching Luh Indonesia.

Population and Sample

According to Sugiyono (2017: 80), a population is a generalization area consisting of objects or subjects with certain qualities and characteristics determined by researchers to be studied and then concluded. So, the people of this study are all employees of the Stockfit Division of PT Victory Ching Luh Indonesia, totaling 210 employees.

The sample is part of the number and characteristics possessed by the population "(Sugiyono (2017:116)). Sample measurement is a step to determine the sample size taken in carrying out a study. In addition, it also noted the selected sample must show the characteristics of the population so that it is reflected in the chosen example. In other words, the selection must be able to describe the actual state of the people or represent (representative).

To calculate the number of samples from a certain population in this study uses the Slovin sampling technique. According to Sugiyono (2017:81), "Sampling technique is a sampling technique for use in research." This study uses probability sampling (sampling). According to Sugiyono (2017:118), "probability sampling is a sampling technique that provides equal opportunities for each member of the population to be selected as a member of the sample." Sugiyono (2017: 87) argues, "in a study if the population is considered too large, the author can narrow the population by calculating the sample size using the Slovin technique so that it is representative and the results can be generalized."

Thus, the determination of the number of samples in this study was carried out by simple calculations using the Slovin formula as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Description:

n = Sample Size

N = Total Population

e = Error in taking a set sample of 10%

Referring to the Slovin formula above, the proportional sampling in this study was obtained as follows:

$$n = \frac{N}{1 + N(e)^2}$$

N = 210

e² = 10%

$$\begin{aligned} &= \frac{210}{1 + (210 \times 0,01)} \\ &= \frac{210}{1 + 2,1} \\ &= \frac{210}{3,1} \\ &= 67,7 \end{aligned}$$

So, the number of respondents is 68 people.

RESULTS AND DISCUSSION

A. Discussion of Research Results

Based on the research results described previously, it shows a positive and significant effect of compensation and works motivation on employee performance. The following is an explanation of the answers to the research hypotheses.

a. Effect of Compensation (X1) on Employee Performance (Y)

Based on the analysis results, the value of the regression equation $Y = 5.099 + 0.928X_1$, the correlation coefficient value was obtained at 0.856, meaning that the two variables have a very strong relationship level. The value of determination or influence contribution is 0.732 or 73.2%, while other factors influence the remaining 26.8%. Hypothesis test obtained value of t count > t table or (13,422 > 1,668). Thus, H₀ is rejected, and H₁ is accepted, meaning that there is a significant effect of compensation on employee performance

b. The Effect of Work Motivation (X2) on Employee Performance (Y)

Hypothesis test obtained matter of t arithmetic > t table or (18.299 > 1.668). Based on the test results, the regression equation $Y = 3.677 + 0.942X_2$, the correlation coefficient value of 0.942 means that the two variables have a very strong relationship level. The value of determination or contribution of influence is 0.835 or 83.5%, while other factors influence the remaining 16.5%. Thus, H₀ is rejected, and H₂ is accepted, meaning that work motivation has a significant effect on employee performance.

c. The Effect of Compensation (X1) and Work Motivation (X2) on Employee Performance (Y)

Based on the study results, it shows that compensation (X1) and work motivation (X2) have a significant effect on employee performance with the regression equation $Y = 3,409 + 0,072X_1 + 0,879X_2$. The value of the correlation coefficient or the level of

relationship between the independent variable and the dependent variable is obtained at 0.914

Hypothesis test obtained value $F_{count} > F_{table}$ or $(65.663 > 2.39)$. This result means that there is a very strong relationship. The value of the coefficient of determination or contribution of the influence is 0.836 or 83.6%, while other factors influence the remaining 16.4%. This result means a significant simultaneous effect of compensation and work motivation on employee performance. Thus, H_0 is rejected, and H_3 is accepted.

CONCLUSIONS

Based on descriptions in the previous chapters and the results of the analysis and discussion of the effect of compensation and work motivation on employee performance, as follows:

Hypothesis test obtained value to count $>$ t table or $(3.422 > 1.668)$. Compensation has a significant effect on employee performance with the regression equation $Y = 5.099 + 0.928X_1$, the correlation coefficient is 0.856, meaning that the two variables have a strong relationship. The value of determination or contribution of compensation effect (X_1) on employee performance (Y) is 73.2%, while other factors influence the remaining 26.8%. This result is also reinforced by the value of value $<$ Sig. 0.1 or $(0.000 < 0.1)$, thus H_0 is rejected, and H_1 is accepted, meaning a partially significant effect exists between compensation and employee performance at PT Victory Ching Luh Indonesia.

Work motivation significantly affects employee performance with the regression equation $Y = 3.677 + 0.942X_2$, the correlation coefficient is 0.942, meaning that the two variables have a strong relationship level. The value of determination or contribution of compensation effect (X_1) on employee performance (Y) is 83.5%, while other factors influence the remaining 16.5%. Hypothesis test obtained value of t count $>$ t table or $(8,299 > 1,668)$. This result is also reinforced by the value of value $<$ Sig. 0.1 or $(0.000 < 0.1)$; thus, H_0 is rejected, and H_2 is accepted, meaning that there is a partially significant effect between employee motivation on employee performance at PT Victory Ching Luh Indonesia.

Compensation and work motivation significantly affect employee performance with the regression equation $Y = 3,409 + 0,072X_1 + 0,879X_2$. The value of the correlation coefficient or the level of influence between the independent variable and the dependent variable was obtained at 0.856(X_1) and 0.942(X_2), meaning that the compensation variable (X_1) has a very strong relationship level and work motivation (X_2) has a very strong relationship level to employee performance. (Y). The value of the coefficient of determination or contribution of influence simultaneously is 83.6%, while the remaining 16.4% is influenced by other factors that have not been researched. Hypothesis test obtained value $F_{count} > F_{table}$ or $(65.663 > 2.39)$, this is also strengthened by value $<$ Sig. 0.1 or $(0.000 < 0.1)$. Thus, H_0 is rejected, and H_3 is accepted. This study means a significant simultaneous effect between compensation and employee motivation on employee performance at PT Victory Ching Luh Indonesia.

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