The Effect of Compensation and Motivation on Employee Performance CV. Giri Jaya Perkasa

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ABSTRACT

This study aims to determine (1) the effect of compensation on employee performance, (2) the effect of motivation on employee performance at CV Giri Jasa Perkasa. The population in this study were all employees at CV Giri Jasa Perkasa, totaling 50 people in the operational section. The sampling technique used is a saturated sample by taking the entire population without having to draw a research sample so that a sample of 50 employees is obtained. The type of data used in the form of a questionnaire as a data collection method which is processed by the Partial Least Square (PLS) analysis method. Based on the results of this study, it shows that (1) compensation has a significant effect on employee performance, (2) motivation has a significant effect on employee performance at CV Giri Jasa Perkasa.

Keywords: Compensation, Motivation, Performance

INTRODUCTION

The Indonesian nation is a large nation, the development that has taken place so far is not only physical, but also non-physical in the form of improving the quality of human resources. In today's global competition, the world of work really needs people who can think forward, smart, innovative, and able to work with high spirits in the face of the times. Humans are the driving force of existing resources in the context of activities and routines of an organization or company. Human resources have an important role either individually or in groups, and human resources are one of the main drivers for the smooth running of an organization's activities, even the progress of a company is determined by the presence of its human resources. Understanding Human Resources according to Handoko (2011:4) is the search, selection, development, maintenance and use of human resources to achieve goals both individually and organizationally.

The increasing development of the business world which is in line with the improvement of economic conditions in Indonesia requires tight competition in it. Competition in the business world today is increasingly competitive, therefore every company must be able to manage and manage all its resources effectively and efficiently in order to achieve the goals that are the pillars of the company. Performance Management or often known as performance management is about how to manage activities within an organization to achieve organizational goals. According to Sutrisno (2015)

performance is the result of work that has been achieved by a person from his work behavior in carrying out his work activities. The motivation and expectations of employees to get appropriate compensation make employees work optimally in order to achieve high performance for employees. Murty and Hudiwinarsih (2012) state that a motivated employee will be energetic and enthusiastic, and conversely an employee with low motivation will often display discomfort and displeasure with his work which results in poor performance and company goals will not be achieved.

High or low motivation and job satisfaction of employees in a company also depends on the role of leaders in the company, good leadership is the key in management which has an important role in strategy in the survival of a company. Compensation is necessary to maintain employees with a decent standard of living, but compensation also provides a tangible measurement of the individual's value to the company. Compensation is a strategic function of human resources that has a significant impact on other human resource functions (Murty and Hudiwinarsih, 2012). Until now CV Giri Jaya Perkasa has been supported by 50 workers and strong trust given by consumers to the company, almost 10 years CV Giri Jaya Perkasa has produced various types of goods and services marketed both at home and abroad, including shoes and uniforms for parties who need. Based on interviews with employees CV. Giri Jaya Perkasa, the company's compensation for employees is not satisfactory. This is based on the

results of the questionnaire that the author gave and filled out by employees. The results show that almost every month the compensation has fluctuated which resulted in the giving of compensation tends to be small.

In the company itself,

researchers also get new problems that are being experienced by the company, especially on employee motivation. So here, the researcher compiles the results of the recapitulation of employee absenteeism for the last three years which can be seen in the image below:

Table 1. CV Giri Jaya Perkasa Attendance 2017-2019

Years	Number of employees	Work Days	Permit	Sick	Alpha	Total	Presentase (%)
2017	42	312	12	13	5	30	9.61
2018	46	312	14	20	1	35	11.21
2019	50	312	18	19	2	39	12,5

From the data above, we can conclude that there are fluctuations in the absence of certain time workers at CV Giri Jaya Perkasa, it is suspected that there is a lack of encouragement and motivation experienced by workers at CV Giri Jaya Perkasa due to the work that accumulates and is not proportional to the wages or salaries received. . If this is not handled immediately, it will have an impact on the company's losses and will threaten to reduce the workforce. Once the importance of performance in a company makes CV Giri Jasya Perkasa have to pay more attention to the performance of its employees so as not to become a threat to the company, so that in this study the researchers were interested in taking the performance variable.

From the description of the background above, given the importance of employee performance for CV Giri Jaya Perkasa, it is hoped that compensation and motivation of employees or workers can support the development of the company in the future to obtain good employee performance and can increase business production of CV Giri Jaya

Perkasa. From the problems faced by the Lestari Sugar Factory, researchers want to raise a study entitled "The Effect of Motivation and Compensation on Employee Performance at CV Giri Jaya Perkasa"..

LITERATURE REVIEW

Compensation is a form of remuneration for employees given to the company. Can be financial or non-financial in a fixed period. According to Gary Dessler (2011: 78) employee compensation is all forms of payment or gifts given to employees and arising from their work in the form of financial benefits such as insurance and vacation money paid by the company. Non-financial rewards such as things that are not easy to quantify, namely rewards in the form of a more challenging job, more flexible working hours and a more prestigious office.

According to William B. Werther and Keith Davis (2011: 184) compensation is what a worker receives in return for the work he provides. Either hourly wages or periodic salaries designed and

managed by the personnel department. Compensation is everything that is received by employees as compensation for the company's services to employees in the form of salaries, facilities and so on which can be valued in money and are permanent. In addition, compensation is a strategic function of human resources. Compensation affects the overall strategy of the organization because compensation affects job satisfaction, productivity, and so on.

The term motivation (motivation) comes from the Latin, namely movere, which means "to move" (to move). Motivation in management is generally only intended for human resources and especially for subordinates. Motivation itself is the most decisive factor for an employee at work. Even though the maximum ability of employees is accompanied by adequate facilities, if there is no motivation to encourage employees to work according to their goals, the work will not work according to their goals. Several opinions regarding motivation according to experts, Winardi argued (2016: 6) that motivation is a potential power that exists within a human being, which can be developed by himself or developed by a number of outside forces which essentially revolves around monetary rewards and non-monetary rewards. , which can affect its performance results positively or negatively.

Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Mangkunegara 2014:5). According to Sutrisno (2012:151) performance is the result of work that has been achieved by someone from his work behavior in carrying out his work activities. An organization is a group of people who come together in a structure to achieve a common goal. There are two parties who are responsible for achieving organizational goals, objectives, and targets, namely managers and employees, both as individuals and as groups

Historically, employees who received compensation were up to job satisfaction, so that they would improve their performance better. What needs to be considered from human resource management is how to communicate a good company strategy so that employee welfare can be improved through the existing payroll system. Insufficient compensation will lead to job dissatisfaction which results in a decrease in job attractiveness, employee turnover and lower performance, Bedelan & Zammuto (in Hita and Pradhanawati, 2013). Employees will lose their perception of the company. This is usually marked by prolonged complaints about the lack of salary received, which in time will lead to a strike. The relationship between compensation and performance is also explained in the expectancy theory which says that a person will put forth a high level of effort for his performance, if with his level of performance, if with a high level of performance a reward (compensation) is obtained according to expectations (Robbins, 2001). Compensation is one of the important factors that can determine employee

performance.

H1: Compensation has a positive effect on employee performance

According to Winardi (2016: 6) motivation is a potential force that exists within a human being, which can be developed by himself or developed by a number of external forces which essentially revolve around monetary rewards and non-monetary rewards, which can affect the results of his performance positively or negatively. negative. Meanwhile, according to Malayu (2015: 23) the notion of motivation is to question how to encourage the work enthusiasm of subordinates, so that they are willing to work hard by giving all the abilities and skills to realize the company's goals. Lack of fulfillment of work motivation will reduce worker productivity so that material and non-material needs need to be given to achieve job satisfaction.

H1: Motivation has a positive effect on employee performance

METHOD

The subjects of this study were employees at CV Giri Jasa Perkasa in the last three years. In this study, the population of employees at CV Giri Jasa Perkasa amounted to 50 people. According to Rikonto, (2012) the total population is less than 100 so all are taken.

Based on the number of respondents who were taken by the researcher not reaching 100 people, the researchers took all of the respondents. From the results taken by 50 people. By taking the entire population as a sample, this is called a saturated sample. The data collection process carried out by researchers was by distributing questionnaires to employees of CV Giri Jasa Perkasa using a Likert scale variable measurement tool. The results of the hypothesis taken by the researcher can be seen in Figure 1 which has been included. The method used by this researcher to calculate is to use XPartial Least Square (PLS). PLS defines the latent variable as a linear aggregate of its indicators. The method of estimating the weight of the latent variable is done by building an inner model and an outer model. Residual variance on the dependent variable will be minimized to produce a predictive score (Jogiyanto and Abdillah, 2015). PLS is a more appropriate approach for prediction purposes, especially in conditions where indicators are formative. With the latent variable in the form of a linear combination of the indicators, the prediction of the value of the variable can be easily obtained, so that the prediction of the latent variable that it influences can also be easily made.

PLS consists of external relationships (outer models or measurement models) and internal relationships (inner models or structural models). The relationship is defined as two linear equations, namely a measurement model that states the relationship between latent variables and a group of explanatory variables and a structural model (Jogiyanto and Abdillah 2015:159-162).

The path analysis model for all latent variables in PLS consists of three sets of relationships, (1) inner model that specifies the relationship between latent variables (structural model), (2) outer model that specifies the relationship between latent

variables and their indicators or manifestation variables (measurement model). , and (3) the weight relation in which the case value of the latent variable can be estimated (Jogiyanto and Abdillah 2015:159-162).

RESULT
Data Outlier Test

Outliers are observations or data that have unique characteristics that look very different from other observations and appear in the form of extreme values. From the second outlier test table, the value of expensive is obtained. The maximum distance of respondent data is 21,635, which is smaller than the expensive distance maximum outlier which is determined at 29.588, which means that the data has no outliers, thus it can be said that the data has good quality and can be continued for further processing with a total of 50 respondents. case.
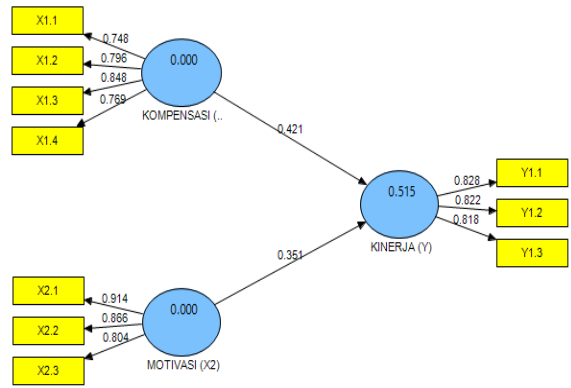

Figure 2 PLS Output Output Path Diagram

Average Variance Extracted (AVE)

The next measurement model is the Avarage Variance Extracted (AVE) value, which is the value indicating the magnitude of the indicator variance contained by the latent variable. Convergent AVE value greater than 0.5 indicates a good adequacy of validity for the latent variable. The reflective indicator variables can be seen from the Avarage variance extracted (AVE) value for each construct (variable). A good model is required if the AVE value of each construct is greater than 0.5.

The results of the AVE test for the Compensation variable (X1) are 0.625983, the Motivation variable (X2) is 0.743947, and Employee Performance (Y) is 0.676859, the three variables show a value of more than 0.5, so overall the variables in this study can be said to have good validity. .

Table 2. Average variance extracted (AVE)

	AVE
Performance (Y)	0.676859
Compensation (X1)	0.625983
Motivation (X2)	0.743947

Source: Data processed

Reliability Test

Composite Reliability is an index that shows the extent to which a measuring instrument can be trusted to be relied on. If an instrument is used twice to measure the same symptom and the measurement

results obtained are relatively consistent, then the tool is reliable. The reliability of the construct as measured by the value of composite reliability, a reliable construct if the value of composite reliability is above 0.70, the indicator is said to be consistent in measuring the latent variable.

Table 3. Composite Reliability

	Composite Reliability
Performance (Y)	0.862707
Compensation (X1)	0.869784
Motivation (X2)	0.896831

Source: Data processed

The results of the Composite Reliability test show that the Compensation variable (X1) is 0.869784, the Motivation variable (X2) is 0.896831, and Employee Performance (Y) is 0.896831, the three variables show Composite

Hypothesis testing

Reliability values above 0.70 so it can be said that all variables in this study are reliable..

Inner Model (Pengujian Model Struktural)

Table 4. R-Square

	R Square
Performance (Y)	0.515363
Compensation (X1)	
Motivation (X2)	

Source: Data processed

R2 value = 0.515363. It can be interpreted that the model is able to explain the phenomenon of employee performance which is influenced by independent variables, including compensation and motivation with a variance of 51.54% while the remaining 48.46% is explained by other variables outside this study (besides compensation and motivation).

Table 5. Path Coefficients (Mean, STDEV, T-Values)

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (|O/STERR|)
Compensation (X1) -> Performance (Y)	0.421203	0.432219	0.095217	0.095217	4.423624
Motivation (X2) -> Performance (Y)	0.350724	0.346682	0.107595	0.107595	3.259656

Source: Data processed

From the table above, it can be concluded that the hypothesis states:

1. Compensation (X1) has a positive effect on Employee Performance (Y) is acceptable, with a path coefficient of 0.421203, and a T-statistic value of 4.423624 > 1.96 (from the table value Zα = 0.05), then **Significant (positive).**

2. Motivation (X2) has a positive effect on Employee Performance (Y) is acceptable, with a path coefficient of 0.350724, and a T-statistic value of 3.259656 > 1.96 (from the table value Zα = 0.05), then **Significant (positive)**.

The Effect of Work Compensation on Employee Performance

Based on the results of research that has been carried out, it is found that Work Compensation has a positive effect on Employee Performance CV Giri Jaya Perkasa. From the path coefficient table of 0.421203, and the T-statistic value is 4.423624 > 1.96 (from the table value Zα = 0.05), it is significant (positive) which means that the better the work compensation carried out by the company for employees, the employee performance will increase. Compensation as a driver of one's performance, many types of compensation provided by the company can be in the form of payments or gifts, the compensation provided by the company will create enthusiasm for employees to work better too. According to Gary Dessler (2011: 42) employee compensation is all forms of payment or gifts given to employees and arising from their work in the form of financial benefits such as insurance and vacation pay paid by the company). This is supported by research conducted by Pudjo Wibowo (2018), showing that the compensation variable has a positive and significant effect on the employee performance variable.

The Effect of Work Motivation on Employee Performance

Based on the results of research that has been carried out, it is found that motivation has a positive effect on employee performance at CV Giri Jaya Perkasa. From the path coefficient table of 0.350724, and the T-statistic value of 3.259656 > 1.96 (from the table value Zα = 0.05), it is significant (positive), which means that the better the work motivation carried out by the company for employees, the employee performance will increase. . This if maintained and implemented properly will make employees motivated and work as much as possible. Motivation is one of the various factors that affect employee performance, with the motivation given by the leadership and people around the company will increase morale and will make employees able to work optimally. This is in accordance with the theory put forward. According to Malayu (2015: 23) the notion of motivation is to question how to encourage the work enthusiasm of subordinates, so that they are willing to work hard by giving all the abilities and skills to realize the company's goals. This is supported by research conducted by Gainer Frisky Lakoy (2013) showing that the work motivation variable has a positive and significant effect on the employee performance variable.

CONCLUSION AND SUGGESTION
Conclusion

Compensation is able to contribute to employee performance at CV Giri Jaya Perkasa Employees. This identifies that the greater the compensation given to employees, the happier employees will be and try their best to work better.

2. Motivation is able to contribute to employee performance. This identifies that with the motivation given to the company's leadership, it can create good morale for employees of CV Giri Jaya Perkasa. So that the work can be carried out will be completed properly and optimally.

Suggestion
1. Companies need to maintain the provision of adequate facilities by the company, if this is maintained it will encourage increased performance of employees.
2. Companies need to maintain the provision of positive encouragement given by leaders to their employees because it makes employees more enthusiastic at work.
3. In terms of getting support from the company in work, it needs to be applied continuously in order to increase the desire for high work for employees.

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