

**The Influence of Compensation and Motivation on Employee Performance at PT Indotama Perkasa in Bekasi District**

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**ABSTRACT**

*This research aims to determine the effect of compensation and motivation on employee performance at PT Indotama Perkasa in Bekasi Regency. The method used is explanatory research with analytical techniques using statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this research are that compensation has a significant effect on employee performance by 46.1%. Hypothesis testing shows that  $t_{count} > t_{table}$  or  $(6.921 > 2.003)$ . Motivation has a significant effect on employee performance by 36.6%, hypothesis testing obtained  $t_{count} > t_{table}$  or  $(5.647 > 2.003)$ . Compensation and motivation simultaneously have a significant effect on employee performance with the regression equation  $Y = 9.751 + 0.426X_1 + 0.344X_2$  and an influence contribution of 56.3%, the hypothesis test obtained calculated  $F > F_{table}$  or  $(35.413 > 2.770)$ .*

**Keywords:** *Compensation, Motivation, Employee Performance*

## INTRODUCTION

A company can operate well if it is able to combine existing resources, so that the company can produce goods and services that can be marketed, these resources can be in the form of people, capital and machines, which are owned and operated by a company, then that company it will be easy to achieve its goals, in relation to human resources is a very important asset for a company.

Therefore, companies need resources to achieve their goals, resources are sources of energy, power, strength needed to create power, movement, activities, activities and actions. These resources include natural resources, financial resources, human resources, knowledge. knowledge and technological resources (Sedarmayanti et al., 2021).

PT Indotama Perkasa is a manufacturing industry in the zinc-coated steel sector with various sizes of thickness and width of zinc steel and length of zinc steel which are adjusted to consumer demand. Apart from that, the company also carries out its business activities by providing zinc coating dyeing (tolling). The market for this product is apart from the industrial sector which is used for factory walls & roofs on a large scale, but also the non-industrial and retail market which is used for house roof building needs known as light steel frames and other applications.

To be able to provide professional staff, high employee performance is highly expected by the company. The more employees who have high performance, the company's overall productivity will

increase so that the company will survive in global competition. High employee performance is not just a coincidence, but many factors influence it, including compensation and motivation (Denok Sunarsi, 2022; Haryadi et al., 2022).

Providing compensation is very important in companies as one of the ways the company ensures that employees have responsibility for their work (Hermansyah et al., 2023; Syamsuddin et al., 2021). Providing compensation that is applied correctly to employees and is felt to be fair will reduce employees' worries about economic problems and employee needs, with compensation received from the company where they work. This situation will stimulate employees to provide rewards in the form of compliance with work regulations and responsibility for the smooth running of the company.

Providing compensation will have a positive impact on improving the performance of an organization. Compensation can be a reward for efforts or hard work done outside of the regular income one receives. Companies should provide regular salaries that meet statutory standards, provide incentives or rewards to motivate workers to perform better, provide bonuses that are right on target and wages that are calculated based on the length of working hours as well as adequate allowances to support their work.

Based on the conditions that occur in the company, there are several problems that are still not in accordance with the rules made by the company or are not in accordance with the compensation provided in other similar companies. Providing

salaries for which there is no evaluation of increases every year, providing overtime pay that does not correspond to the overtime hours, providing incentive money that is given little attention, such as salaries that provide non-financial compensation in the form of praise and a conducive work environment. Meanwhile, in financial form in the form of salary/wages, incentives, allowances and bonuses.

There are several aspects that are indicators that compensation is still not in accordance with ideal conditions. Salaries are rarely evaluated every year. Then, the aspect of paying overtime hours is still lacking. Then there is the aspect of incentives that should be given to employees who achieve targets, both individual and divisional, but this is not done by the company.

Apart from that, the allowance is only a medical allowance and even though it is provided, it is still not appropriate, only a maximum of IDR 10 million per year if admitted to hospital. Then, in terms of facilities, there is still inequality between managers and above and staff, where staff only get free motorbike parking. The above conditions clearly still need to be of concern to the company considering that compensation concerns employee needs in meeting their needs. Compensation is an award given to employees, both directly and indirectly, which must be done fairly for their contribution to achieving organizational goals.

Apart from compensation factors, a decrease in performance can also be influenced by employee motivation. Motivation will arise if someone feels that their needs are

met, therefore if their needs are not met it will cause problems which will lead to several cases that often occur in companies, for example labor strikes, demands for wage increases and so on, this is a sign that there is dissatisfaction felt by employees towards the company. The role of motivation is absolute, namely to intensify desires and wishes, therefore it can be concluded that efforts to increase a person's work enthusiasm will always be related to efforts to motivate him, so to provide good motivation you need to know human needs.

Motivation should be able to encourage enthusiasm for work within individuals to behave in achieving goals. Therefore, motivation is very important because it concerns individual needs which must be in accordance with organizational goals. Primary needs cannot be separated from the need to fulfill the necessities of life, thus the salary factor is also often still an obstacle in companies. The aspect of fulfilling career advancement also needs to be considered considering that employees must become better individuals than their community. With the position they are aiming for, they will continue to improve the abilities and skills they already have to support their career.

It is very important for a company or institution to optimize the performance of its employees. Good employee performance is very important considering that human resources are the actors in making the company realize its goals. Thus, leaders should be able to encourage employees to make this happen, such as requiring employees to have good

performance and be able to work under pressure. Performance can be assessed from work performance in terms of quality and quantity achieved by an employee in carrying out his duties with the responsibilities given to him (Haryadi et al., 2022). Performance implementation is carried out by human resources who have the ability, competence, motivation and interest to achieve maximum results.

Every organization often uses many ways to improve the performance of its employees, which aims to improve the company's performance, because an organization can develop and progress, of course not only because of capital factors and strong business strategies, but also because of strong Human Resources (HR). great. In this case, HR means employees or workers.

Conditions that indicate that employee performance still needs to receive attention and be improved so that performance can increase. Work evaluation is an effort to determine the condition of employee work achievements so that it can be seen whether there is progress and obstacles so that it can be assessed and studied for future improvements. On the other hand, employee performance evaluation is also a systematic analysis activity, providing solutions to problems found for the purpose of performance improvement.

Based on the background of the problem above, the author is interested in conducting further research with the title: "The Influence of Compensation and Motivation on Employee Performance at PT Indotama Perkasa in Bekasi

Regency".

### **1. Formulation of the problem**

- a. Is there an influence of compensation on employee performance at PT Indotama Perkasa in Bekasi Regency?
- b. Is there an influence of motivation on employee performance at PT Indotama Perkasa in Bekasi Regency?
- c. Is there a simultaneous influence of compensation and motivation on employee performance at PT Indotama Perkasa in Bekasi Regency?

### **2. Research purposes**

- a. To determine the effect of compensation on employee performance at PT Indotama Perkasa in Bekasi Regency.
- b. To determine the effect of motivation on employee performance at PT Indotama Perkasa in Bekasi Regency.
- c. To determine the simultaneous influence of compensation and motivation on employee performance at PT Indotama Perkasa in Bekasi Regency.

## **LITERATURE REVIEW**

### **1. Compensation**

According to (Simamora, 2019) explains that "compensation is all that the company gives to employees as compensation or remuneration for the services provided by employees to the company".

### **2. Motivation**

According to (Dewi, 2018), states that "motivation is the provision of driving force that creates enthusiasm for a person's work so that they are willing to work together, work effectively

and be integrated with all their efforts to achieve the expected goals".

### 3. Employee performance

According to (Mangkunegara, 2019) understands "performance is the result of a person's work which is measured in terms of the quality of work and quantity of work achieved by an employee which is carried out on time in carrying out their duties with full responsibility according to the tasks assigned to them".

## RESEARCH METHODS

### 1. Population

The population used in this research was 58 respondents from PT Indotama Perkasa in Bekasi Regency

### 2. Sample

In this research, the sample

Table 1. Results of Descriptive Statistics Analysis

#### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Compensation (X1)	58	31	48	38.40	4,284
Motivation (X2)	58	31	48	38.41	3,788
Employee Performance (Y)	58	33	46	39.31	3,594
Valid N (listwise)	58				

Compensation obtained a minimum variance of 31 and a maximum variance of 48 with a mean score of 3.840 with a standard deviation of 4.284.

Motivation obtained a minimum variance of 31 and a maximum variance of 48 with a mean score of 3.841 with a standard deviation of 3.788.

Employee performance obtained a minimum variance of 33 and a maximum variance of 46 with a mean score of 3.931 with a standard deviation of 3.594.

used was 58 respondents from PT Indotama Perkasa in Bekasi Regency.

### 3. Types of research

The type of research used is associative, where the aim is to determine the influence of the independent variable on the dependent variable, either partially or simultaneously

### 4. Data analysis method

In analyzing the data, instrument tests, classical assumption tests, regression, coefficient of determination and hypothesis testing were used.

## RESEARCH RESULT

### 1. Descriptive Analysis

This test is used to determine the minimum and maximum scores, mean score and standard deviation of each variable. The results are as follows:

### 2. Quantitative Analysis

This analysis is intended to determine the influence of the independent variable on the dependent variable. The test results are as follows:

#### a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable experiences changes. The test results are as follows:

Table 2. Results of Multiple Linear Regression Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,751	3,599		2,709	,009
Compensation (X1)	,426	,085	,508	5,017	,000
Motivation (X2)	,344	,096	,362	3,581	,001

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the regression equation  $Y = 9.751 + 0.426X1 + 0.344X2$  is obtained. This equation is explained as follows:

- 1) A constant of 9.751 means that if compensation and motivation do not exist, then there is an employee performance value of 9.751 points.
- 2) The compensation regression coefficient is 0.426, this figure is positive, meaning that every time there is an increase in compensation of 0.426, employee performance will also increase by 0.426

points.

- 3) The motivation regression coefficient is 0.344, this figure is positive, meaning that every time there is an increase in motivation of 0.344, employee performance will also increase by 0.344 points.

#### b. Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable, either partially or simultaneously. The test results are as follows:

Table 3. Results of Compensation Correlation Coefficient Testing on Employee Performance.

		Compensation (X1)	Employee Performance (Y)
Compensation (X1)	Pearson Correlation	1	,679**
	Sig. (2-tailed)		,000
Employee Performance (Y)	Pearson Correlation	,679**	1
	Sig. (2-tailed)	,000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N=58

Based on the test results, a correlation value of 0.679 was obtained, meaning that

compensation has a strong relationship with employee performance.

Table 4. Results of Testing the Correlation Coefficient of Motivation on Employee Performance.

**Correlations b**

		Motivation (X2)	Employee Performance (Y)
Motivation (X2)	Pearson Correlation	1	,602**
	Sig. (2-tailed)		,000
Employee Performance (Y)	Pearson Correlation	,602**	1
	Sig. (2-tailed)	,000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N=58

Based on the test results, a correlation value of 0.602 was obtained, meaning that motivation has a strong relationship with employee performance.

Table 5. Simultaneous Test Results of the Correlation Coefficient of Compensation and Motivation on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750a	,563	,547	2,419

a. Predictors: (Constant), Motivation (X2), Compensation (X1)

Based on the test results, a correlation value of 0.750 was obtained, meaning that compensation and motivation simultaneously have a strong relationship with employee performance.

**c. Analysis of the Coefficient of Determination**

The analysis of the coefficient of determination is intended to determine the percentage influence of the independent variable on the dependent variable, either partially or simultaneously. The test results are as follows:

Table 6. Results of Testing the Coefficient of Determination of Compensation on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679a	,461	,451	2,662

a. Predictors: (Constant), Compensation (X1)

Based on the test results, a determination value of 0.461 was obtained, meaning that compensation had an influence contribution of 46.1% on employee performance.

Table 7. Results of Testing the Coefficient of Determination of Motivation on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602a	,363	,351	2,895

a. Predictors: (Constant), Motivation (X2)

Based on the test results, a determination value of 0.363 was obtained, meaning that

motivation had an influence contribution of 36.6% on employee performance.

Table 8. Results of Simultaneous Testing of the Coefficient of Determination of Compensation and Motivation on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750a	.563	.547	2,419

a. Predictors: (Constant), Motivation (X2), Compensation (X1)

Based on the test results, a determination value of 0.563 was obtained, meaning that compensation and motivation simultaneously contributed 56.3% to employee performance, while the remaining 43.7% was influenced by other factors.

which partial hypothesis is accepted.

First hypothesis: There is a significant influence of compensation on employee performance.

Second hypothesis: There is a significant influence of motivation on employee performance.

**d. Hypothesis testing**

**Partial hypothesis test (t test)**

Hypothesis testing with the t test is used to find out

Table 9. Compensation Hypothesis Test Results on Employee Performance.

**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,435	3,180		5,482	,000
	Compensation (X1)	,570	,082	,679	6,921	,000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the calculated t value > t table or (6.921 > 2.003) is obtained, thus the first hypothesis

proposed that there is a significant influence of compensation on employee performance is accepted.

Table 10. Motivation Hypothesis Test Results on Employee Performance.

**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,356	3,906		4,443	,000
	Motivation (X2)	,572	,101	,602	5,647	,000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the calculated t value > t table or (5.647 > 2.003) is obtained, thus the second hypothesis proposed that there is a

significant influence of motivation on employee performance is accepted.



**Simultaneous Hypothesis Test (F Test)**

Hypothesis testing with the F test is used to find out which simultaneous hypotheses are accepted.

The third hypothesis is that there is a significant influence between compensation and motivation on employee performance.

Table 11. Compensation and Motivation Hypothesis Test Results on Employee Performance.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	414,520	2	207,260	35,413	,000 <sup>b</sup>
	Residual	321,894	55	5,853		
	Total	736,414	57			

a. Dependent Variable: Employee Performance (Y)

b. Predictors: (Constant), Motivation (X2), Compensation (X1)

Based on the test results in the table above, the calculated F value > F table or (35.413 > 2.770) is obtained, thus the third hypothesis proposed that there is a significant influence of compensation and motivation on employee performance is accepted.

**DISCUSSION OF RESEARCH RESULTS**

**1. The Effect of Compensation on Employee Performance**

Compensation has a significant effect on employee performance with a correlation of 0.679 or has a strong relationship with an influence contribution of 46.1%. Hypothesis testing obtained a calculated t value > t table or (6.921 > 2.003). Thus, the first hypothesis proposed that there is a significant influence between compensation and employee performance is accepted.

**2. The Effect of Motivation on Employee Performance**

Motivation has a significant effect on employee performance with a correlation of 0.602 or has a strong relationship with an

influence contribution of 36.6%. Hypothesis testing obtained a calculated t value > t table or (5.647 > 2.003). Thus, the second hypothesis proposed that there is a significant influence between motivation and employee performance is accepted.

**3. The Influence of Compensation and Motivation on Employee Performance**

Compensation and motivation have a significant effect on employee performance with the regression equation  $Y = 9.751 + 0.426X1 + 0.344X2$ , a correlation value of 0.750 or has a strong relationship with an influence contribution of 56.3% while the remaining 43.7% is influenced by other factors. Hypothesis testing obtained a calculated F value > F table or (35.413 > 2.770). Thus, the third hypothesis proposed that there is a significant influence between compensation and motivation on employee performance is accepted.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **1. Conclusion**

- a. Compensation has a significant effect on employee performance with an influence contribution of 46.1%. Hypothesis testing obtained a calculated t value  $>$  t table or ( $6.921 > 2.003$ ).
- b. Motivation has a significant effect on employee performance with an influence contribution of 36.6%. Hypothesis testing obtained a calculated t value  $>$  t table or ( $5.647 > 2.003$ ).
- c. Compensation and motivation have a significant effect on employee performance with an influence contribution of 56.3% while the remaining 43.7% is influenced by other factors. Hypothesis testing obtained calculated F value  $>$  F table or ( $35.413 > 2.770$ ).

### **2. Suggestion**

Based on the conclusions that have been presented, the author provides the following suggestions:

- a. Companies should provide training so that the material provided is truly appropriate to what employees need so that they will be able to increase their skills and abilities in helping to complete employees' job duties and responsibilities.
- b. Improving employee performance can be done by providing motivation for employees to be enthusiastic about working and have creativity in their work. There is

also a need to be sensitive to helping colleagues' work as soon as possible after their own work is finished, so that apart from doing office work, employees also interact with fellow employees.

- c. PeCompanies should conduct regular performance evaluations of employees, in this case superiors and company owners are expected to be able to better communicate their hopes and directions to employees, so that differences of opinion can be resolved and employees understand and understand the company's desires and goals as well as possible.

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