

## The Effect of Compensation on The Performance of PT Employees. Seacon Bintang Sejahtera Jakarta

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### Abstract

*This research aims to analyze the effect of compensation on the performance of employees of PT. Seacon Bintang Sejahtera Jakarta. Compensation is an important factor in human resource management that can influence employee motivation, performance and productivity. This research uses a quantitative approach with a saturated sampling method on 44 employees from various levels at PT. Seacon Bintang Sejahtera Jakarta. Data was collected through a structured questionnaire that measures employee perceptions of the company's compensation system and performance appraisal. Data analysis was carried out using a simple linear regression method to test the research hypothesis. The results of this research show that there is a compensation effect regularly partial impact on the performance of employees of PT. Seacon Bintang Sejahtera Jakarta. These findings imply the importance for companies to design and implement a comprehensive and fair compensation system to improve employee performance. This research also recommends the need for regular evaluation of the compensation system to ensure its effectiveness in encouraging optimal employee performance.*

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## 1. INTRODUCTION

In the era of globalization and increasingly fierce business competition, human resources have become a very important asset for the sustainability and success of a company. Employees who are high performing and committed to the organization are the main key to achieving competitive advantage. Therefore, effective human resource management, especially in terms of compensation and performance management, is becoming a major focus for many organizations.

Compensation, as a crucial aspect of human resource management, plays an important role in attracting, motivating and retaining quality employees. A well-designed compensation system not only meets employees' financial needs but can also be a strategic tool for aligning individual goals with organizational goals. On the other hand, employee performance is a manifestation of individual contributions to achieving organizational goals. Optimal performance from each employee will have a significant impact on the productivity, efficiency and effectiveness of the organization as a whole.

The relationship between compensation and employee performance has been a subject of research interest in the field of human resource management for decades. Various studies have shown a positive correlation between a fair and competitive compensation system and increased employee performance. However, the complexity of this relationship cannot be

ignored, considering the existence of various moderator factors such as organizational culture, leadership style, individual characteristics, and external factors that can influence the dynamics of this relationship.

In the Indonesian context, where economic growth and industrial development continue to experience dynamics, a deep understanding of the relationship between compensation and employee performance becomes increasingly relevant. Companies in Indonesia face the challenge of designing compensation systems that not only comply with applicable labor regulations, but are also able to encourage increased employee performance in a competitive business environment.

This research aims to comprehensively analyze the relationship between compensation and employee performance in the context of companies in Indonesia. Using quantitative and qualitative approaches, this study will investigate various aspects of compensation, both financial and non-financial, and their impact on various dimensions of employee performance. In addition, this research will also explore moderator factors that may influence the relationship between compensation and performance, as well as their implications for human resource management practices in Indonesia.

It is hoped that the results of this research can make a significant contribution to the development of human resource management theory, especially in the context of developing countries such as Indonesia. Practically, the findings of this research can be a reference for human resource practitioners and policy makers in designing effective compensation systems and sustainable employee performance improvement strategies.

By understanding the dynamics of the relationship between compensation and employee performance in more depth, it is hoped that organizations can optimize the potential of their human resources, increase competitiveness, and ultimately achieve long-term success in an increasingly complex and competitive business environment. For this reason, the author is interested in researching employee compensation and performance variables at PT. Seacon Bintang Sejahtera Jakarta, several previous studies with the same variables explain the relationship between compensation variables and employee performance as follows. Research (Zaqiyah et al., 2022) found that compensation and motivation have a direct positive influence on employee performance. Increasing compensation and motivation makes employees more active and enthusiastic at work. This research shows that there is a positive correlation between compensation and employee performance. The compensation and benefits provided have a positive impact on employee performance (Kadir et al., 2019). This study found that compensation and career development have a significant influence on job satisfaction and employee performance. Increasing compensation and career development can increase employee productivity and performance. (Oseanita et al., 2017)

Based on the results of previous research, researchers are interested in researching variable employee compensation and performance by title The effect of compensation partial impact on the performance of employees of PT. Seacon Bintang Sejahtera Jakarta. Of course, the novelty of this research is that there has been no previous research regarding variables in this area, apart from that this research uses simple regression techniques with quantitative methods. It is hoped that the results of this research can contribute to further research.

## **2. LITERATURE REVIEW**

### **Compensation**

According to (Nitisesmito, 2015) Compensation is "remuneration provided by a company to its employees which can be valued in money and tends to be given on a regular basis"

According to (Hasibuan, 2014) The definition of compensation is "all income in the form of money, direct goods or indirect goods received by employees as compensation for services provided to the company". According to Yani in (Widodo Eko Suparno, 2015) Compensation is "a form of payment in the form of benefits and incentives to motivate employees so that work productivity increases".

### **Employee Job Satisfaction**

Job satisfaction is defined as a positive attitude for workers including feelings and behavior in their work responsibilities definitely through job evaluation as a sense of appreciation in the achievement of important values at work. Indicator in job satisfaction, namely Job, Wages, Promotions, Supervisors and Coworkers (P Afandi in (Agung Aditya Saputra, 2022))

Suwatno in (Widodo Eko Suparno, 2015) stated that "job satisfaction is a psychological condition. The pleasantness or feelings of employees are very subjective and really depend on the individual concerned and the work environment. According to Keither and Kinicki in (Widodo Eko Suparno, 2015) "Job satisfaction is an effectiveness or emotional response to various aspects of work". According to Keith Davis in (Widodo Eko Suparno, 2015) "Job satisfaction is a feeling of supported or unsupported experienced by employees at work"

## **3. RESEARCH METHOD**

### **Population**

This research is quantitative descriptive, with the aim of getting an idea of the influence of compensation *regularly* partial impact on the performance of PT. Seacon Bintang Sejahtera Jakarta employees. For the quantitative approach, it is explained by (Arikunto, 2010) that the approach uses quantitative because it uses numbers, starting from data collection, interpretation of the data, and the appearance of the results. The population in this research is employees of PT. Seacon Bintang Sejahtera Jakarta.

### **Sample**

To obtain research results that can be accounted for, recruitment The sample in this research is PT. Seacon Bintang Sejahtera Jakarta which numbered 44 as respondents, with recruitment techniques sample is saturated sampling. According to (Lijan Sinambela, 2021), the sample is part of the number and characteristics possessed by the population.

**Hypothesis** In this research, the formula for hypothesis testing can be explained as follows

$H_1: \rho = 0$                       There is a compensation effect *regularly* partial impact on the performance of PT. Seacon Bintang Sejahtera Jakarta employees.

I have:  $\rho \neq 0$                       There is no compensation effect, *regularly* partial impact on the performance of PT. Seacon Bintang Sejahtera Jakarta employees.

### **Analysis Model Techniques**

To find out how strong the relationship between one variable and another variable is, regression analysis is used in this research. Linear regression is a statistical procedure for calculating the value of a dependent variable from an independent variable. Linear regression measures the association between two variables and is a modeling technique in which a dependent variable is predicted based on one or more independent variables. (Kumari & Yadav, 2018)

Linear regression can be used to find the influence of the independent variable on the dependent variable in a linear manner. This involves using the least squares method to estimate regression coefficients, as well as testing for collinearity of independent variables to avoid inaccurate least squares estimates. (Mao, 2022)

Linear regression refers to a mathematical technique for fitting given data to a function of a particular type, most commonly known as fitting a straight line. This article explains the theory behind linear regression and illustrates this technique with real-world data sets. (Huang, 2020)

#### 4. RESULTS AND DISCUSSION

##### Validity Test

In study This validity test was carried out on the compensation variable instrument (X) The conclusion was obtained that the stated instrument items **valid 10** items, while the employee performance variable (Y) exists **10 items** declared valid. The test uses a two-sided test with a significance level  $\alpha = 0.05$ , then obtained  $r_{table} = 0.291$ . The test criteria for declaring an item valid are  $r_{count} > r_{table}$

##### Reliability Test

Based on the calculation results, it is concluded that each item that has been declared valid is reliable with a level of significance  $\alpha = 0.05$  then it is obtained  $r_{table} = 0,60$ . On variables **compensation** (X)  $r_{count} = 0.893$  bigger  $r_{table} = 0,60$  for **reliable**, and variables **employee performance** (AND)  $r_{count} = 0, 803$  bigger  $r_{table} = 0,60$  for **reliable**.

##### Simple Linear Regression Analysis Test

Based on **table 2 coefficients** can be described that results simple linear regression analysis, regarding the size of the t-count value, the level of significance, and the regression formula can be known, to make it clearer, here are the results *coefficient* which is done with SPSS;

**Table 2**  
**Simple Linear Regression Analysis Table**

Model		Coefficients <sup>a</sup>		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients	Std. Error			
		B		Beta		
1	(Constant)	27.535	2.933		9.388	.000
	Compensation (x)	.361	.071	.618	5.090	.000

a. Dependent Variable: Employee Performance (y)

Source: Data processed from SPSS

In the table above, the calculation results can be seen so that the regression equation can be explained which can be used to predict variables through variable **compensation**, that is;  $Y' = 27.535 + 0.361x$ .

As a basis for decision making, it can be seen that by using **thank you** as follows:

- a) If value  $t_{count} > \text{value } t_{table}$ , then there is an influence of variable X to variable Y.
- b) If value  $t_{count} < \text{value } t_{table}$ , then there is no influence of variable X on variable Y

Based on the calculation of t-table that has a significance of 5% can be found using the formula:  $t_{table} = t(\alpha/2; n-k-1)$ , so the value  $t(0,025; 44-1-1) = t(0,025; 42) = 2.018$ , face  $t\text{-count } 5,090 > t_{table} 2,018$  And based on significance value: from the Coefficients table the value is obtained  $0,000 < 0,05$  thus it can be concluded that the variable **compensation (X)** influence employee performance (Y).

From the calculation results in **table 3** coefficient determination calculation then it can be concluded that the variable **compensation** has a contribution of 38.2% on employee performance variables, while the remaining amount is **61,8%** influenced by other factors that have not been studied. Then the compensation variable has a positive effect **strong** to variable **employee performance** with an r value of **0,618** (located in the coefficient interval **correlation 0.60- 0.799**).

**Table 3**  
**Coefficient Determination**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.618 <sup>a</sup>	.382	.367	2.487

a. Predictors: (Constant), x

Source: Data processed from SPSS

## DISCUSSION

From the results of the tests that have been carried out, the compensation variable (X) has an influence on the employee performance variable (Y). This is evident from the value  $5.865 > t_{table} 2,017$ , and value *themselves*  $0,000 < 0,05$ . So, compensation partially has a positive and significant effect on employee performance at PT. Seacon Bintang Sejahtera Jakarta.

Thus, in line with previous research which strengthens the influence of compensation variables on performance as proven by several previous studies, compensation variables have a significant influence on employee performance, previous research states that compensation has a significant influence on job satisfaction and employee performance in mining companies (Saman, 2020). This study found that compensation and work motivation significantly influence employee performance. Increasing these two factors can help achieve company goals (Asriani et al., 2020). This research shows that compensation has a significant influence on employee performance, and employee motivation has a mediating role between compensation and job performance (Thapa, 2023)

## 5. CONCLUSION

In general, based on the test results and analysis of the relationship between variable X and variable Y regarding the influence of compensation *regularly* partial impact on the performance of PT. Seacon Bintang Sejahtera Jakarta employees, that there is an influence between variable **compensation** on employee performance variables because t-count then marks  $t\text{-count } 5,865 > t_{table} 2,017$ .

Then the compensation variable has a positive effect **strong** to variable **employee performance** with an r value of **0,618** (located in the coefficient interval **correlation (0.60-**

**0.799).** as well as variable **compensation** has a contribution of 38.2% on employee performance variables, while the remaining amount is **61,8%** influenced by other factors that have not been researched. Furthermore, we can find out the regression equation that can be used to predict, namely  $Y' = 27.535 + 0.361x$ .

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