

The Influence of Financial Compensation and Competence on Employee Performance at PT Abadi Permai Medan

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Abstract

The research object is PT. Abadi Permai Medan. The research was conducted in the company because there was a decline in the performance of the company's employees. Employee performance is the work of employees to do a job assigned to an employee. Employee performance always gets the main attention because it plays a very big role for the company's progress. Financial compensation is a form of payment of money paid by the company for employee work services in the company. The provision of financial compensation is always a consideration of employees in displaying the work they are capable of achieving. Competence is the ability possessed by employees in carrying out and supporting the work that is their responsibility. The research used several theories of human resource management related to financial compensation, competence and employee performance. The data collection was performed by interviews, questionnaires and documentation studies. The research data were drawn by using a simple random sampling technique with saturated sampling consisting of 76 permanent employees and 30 employees were derived from PT. Forsindo Jaya which were a similar type of company which were used for validity and reliability tests. Partially and simultaneously, the results of the study showed that communication and recruitment had a positive and significant effect on employee performance with a coefficient of determination of 60.5% and the remaining 39.5% can be explained by other variables not investigated in the research leadership, discipline and communications. The partial testing for the financial compensation variable was $(2.647 > 1.993)$ and the competency variable was $(5.112 > 1.993)$. In addition, the result of the F test $(58.326 > 3.120)$. Based on the results, it was concluded that financial compensation and competency had a positive and significant effect on employee performance at PT. Abadi Permai Medan

Keywords: Financial Compensation, Competence, Employee Performance.

INTRODUCTION

PT Abadi Permai Medan is companies engaged in the field export fish skin , mostly goods got from fisherman fisherman outside city like Aceh , Palembang, Pangang Pinang , Pontianak , and also some from field . Products company Lots reprocessed into fish crackers , fish floss and there are also processed ones become craft hand like bags , shoes and others . Products from company usually will sent to Surabaya and after that will be sent by company Surabaya to China . The company at the time This currently experience decline performance visible employees from the decline amount sales in the company.

One of reason decline performance is compensation financial. Giving compensation financial in the form of wages principal, craft money, meal money, transportation money by the company to employee always become reference for a company based on capabilities company to pay employees according to employee benefits and work results.

In addition to compensation financial , competence can also affect the work results of employees in the company . The competencies possessed employee will make employee more able to complete problems that employees have in their work . Employees who do not own good competence Of course will make difficulties in work .

Based on description and background behind above, then researcher interested in taking title thesis with title : " **The Influence of Compensation Financial and Competence On Employee Performance at PT. Abadi Permai Medan** " .

Based on background behind the problem that has been described above, then identification problems in research This is :

1. Giving compensation financial shortfall evenly to employee make employee not enthusiastic about work and achieving work targets No achieved .
2. Employees who do not own education that is appropriate to position cause various problem in running jobs in the company.
3. Decreased performance seen from sales that are not capable reach the target and continue experience decline sale .

The purpose of study This is for:

1. Testing and analyzing influence compensation financial to performance employees at PT. Abadi Permai Medan.
2. Testing and analyzing influence competence to performance employees at PT. Abadi Permai Medan.
3. Testing and analyzing influence compensation financial and competence to performance employees at PT. Abadi Permai Medan.

RESEARCH METHOD

Research methods

Research Approach

According to Sugiyono (2010:5), method research can be interpreted as method scientifically to obtain valid data with objective can discovered , developed , and proven , a knowledge certain so that in turn can used to understand , solve , and anticipate problems in the field business .

According to Sugiyono (2010:13), approach study This based on approach quantitative . Research methods quantitative can interpreted as method research based on philosophy positivism , used to research populations or sample certain , technique taking sample in general done randomly , *data* collection using research instruments , data analysis is quantitative / statistical with purpose of testing hypothesis that has been set .

Types of research

According to Sugiyono (2010:18), type research conducted is study descriptive quantitative that is with know influence compensation financial and competence to performance employees . Quantitative research in looking at connection variable to object of research more nature cause and effect (causal) so that in his research There is variable independent and dependent .

Nature of Research

According to Zulganef (2008:11), Nature of research This is descriptive *explanatory* that aims to examine causality (relationship) between explanatory variables a phenomenon certain .

Population and Sample

Population

According to Sugiyono (2010:115), Population is a generalization area consisting of from object / subject that has quality and characteristics certain things that are determined by researchers to be studied and then withdrawn conclusion. Research This own population that is all over employees of PT. Abadi Permai Medan totaling 76 people.

Sample

Determination sample in research this uses the formula *Slovin* . According to Sugiyono (2010:116), sample is part from the number and characteristics possessed by a population said. On study This uses the saturated sampling formula . With thus so sample study is as many as 76 people and 30 people for validity and reliability tests carried out at PT Forsindo Jaya which is company fish skin located at Jalan Sutrisno No. 204 A Medan.

Data Types and Sources

According to Sanusi (2014:104), the types and sources of data in research This divided into two parts , namely :

1. Primary data is data that is first recorded and collected by researchers . Primary data is obtained directly by researchers with method interviews and distribution questionnaire to respondents .
2. Secondary data is data obtained in a processed form in the form of document company or organizations and publications collected by the parties or agency others . Secondary data in research This covering profile company , structure organization and data obtained from the results processing books , theories and related data with the problem under study . Example of secondary data is sales data , donation data salary , and education and position data employee .

Identification and Definition Operational Research Variables

Based on hypothesis in part previously , identification variable study grouped as following :

Variables Free (X)

Variables free study This is Compensation Financial (X1) and Competence (X2) found in PT. Abadi Permai Medan

Variables Bound (Y)

Variables bound from study This is Employee Performance at PT. Abadi Permai Medan

Validity and Reliability Test Instrument Variables

Validity Test Instrument Variables

According to Ghozali (2013:52), validity test used to measure validity (legitimate) whether or not) a questionnaire . A questionnaire declared valid if questions on the questionnaire able to express something that will measured by questionnaire said . Testing validity done by using SPSS (*Statistical Product and Service Solution*) software with the following criteria following :

1. If $r_{\text{count}} \geq r_{\text{table}}$, so question declared valid.
2. If $r_{\text{counts}} < r_{\text{table}}$, so question stated invalid .

Analysis factor done with method to correlate amount score factor with total score . If the correlation each factor the positive and the value is 0.361 or above, then factor the is strong *construct* , so based on analysis that factor can concluded that instrument the own validity good construction .

Reliability Test Instrument Variables

According to Priyatno (2013: 30), a tool gauge said to be reliable if the tool in measuring a symptoms at different times always shows the same results. So the tool is reliable in terms of consistent provide the same measurement results . The reliability test method that is often used used is *Cronbach Alpha* . This method is very suitable used in the score shaped scale .

According to Sekaran in Priyatno (2013:30), taking decision for reliability testing as following :

1. *Cronbach's alpha* <0.60 = reliability bad .
2. *Cronbach's alpha* 0.6-0.79 = reliability accepted.
3. *Cronbach's alpha* 0.8 = reliability Good .

RESULTS AND DISCUSSION

DISCUSSION

Research result

Overview of PT. Abadi Permai

PT Abadi Permai Medan is companies engaged in the field export fish skin , mostly goods got from fisherman fisherman outside city like Aceh , Palembang, Pangkal Pinang, Pontianak , and there are also some from Medan. PT Abadi Permai Medan which is located at Jalan Timor Timur No. 4 Mabar Medan.

Product company Lots reprocessed into fish crackers , fish floss and there are also processed ones become craft hand like bags , shoes and others . Products from company usually will sent to Surabaya and after that will be sent by company Surabaya to China . PT. Abadi Permai Alone is one of from Indonesian companies that have succeeded penetrate the export market through the products it sells , especially in China, which is one of the countries with the most import product from from PT. Abadi Permai

Analysis Statistics Descriptive

In the research at PT. Abadi Permai Medan, the variables independent variable *that* is observed is Compensation Financial (X_1) and Competence (X_2) whereas variable dependent variable is Employee Performance (Y) .

Testing Assumptions Classic

Testing assumption classic used to determine the multiple linear regression model can used or no . If this test fulfilled so the test tool in question can used to test models consisting of from :

Normality Test

To detect whether the residuals are normally distributed or not No will be shown with analysis graphs and statistics . Analysis chart that is histogram and graph chart *Normal Probability Plot*.

As for testing the normality test in the calculation statistics namely using the *One Sample Kolmogorov Smirnov test* . The results of *the One Sample Kolmogorov Smirnov test* can seen in Table IV.1

Table 1 Test Results Normality *One Sample Kolmogorov-Smirnov Test*

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		76
Normal Parameters ^a , ,, ^b	Mean Std. Deviation	.0000000 4.46795363
Most Extreme Differences	Absolute Positive Negative	.081 .081 -.072
Kolmogorov-Smirnov Z		.705
Asymp. Sig. (2-tailed)		.703

a. Test distribution is Normal.

b. Calculated from data.

Source : Research Results, 2018 (processed data)

Based on *the output* results in Table IV.1, it was obtained value (*Asymp. Sig. 2-tailed*) of 0.703. Because of the significance more big from 5% (0.05) then the residual is distributed normally .

Multicollinearity Test

Multicollinearity test used to find out correlation between variable independent and this can seen from the *Tolerance* Value and *Variance Inflation Factor* (VIF) with notes if VIF > 10 then allegedly have problem multicollinearity and if VIF < 10 then No happen multicollinearity , while mark *Tolerance* said to have passed if mark *Tolerance* < 1 Based on the results of SPSS processing , see Table IV.10:

Table 2 Multicollinearity Test Results
Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Compensation Financial	.455	2.197
Competence	.455	2.197

Dependent Variable: Performance

Source : Research Results, 2018 (processed data)

In Table IV.10. variable results compensation financial and competence own VIF value of 2.197 more small out of 10 and value *tolerance* of 0.455 is close to 1. This is show No happen symptom multicollinearity .

Heteroscedasticity Test

the test results heteroscedasticity with chart *Scatter Plot* can seen .

the heteroscedasticity test by using statistics that is with method *Glejser* test .

Table 3
Test Results Heteroscedasticity *Glacier*
Coefficients ^a

Model	t	Sig.
1 (Constant)	1,351	.181
Compensation Financial	.141	.888
Competence	.653	.516

a. Dependent Variable: RES2

Source : Research Results, 2018 (processed data)

From Table IV.11 above, it can be known that mark probability (*Sig.*) for variables compensation financial is of 0.888 and the variable competence is of 0.516. This is seen that mark its significance on level 5% confidence (0.05), then the regression model No contain existence heteroscedasticity .

Data Analysis Results

Analysis Equality Multiple Linear Regression

analysis models in research This is analysis regression multiple (*multiple regrestions*). To know how much big influence compensation financial and competence to performance employees at PT. Abadi Permai Medan can counted with help device soft *Statistical Product and Service Solution (SPSS)*. Based on the results of the equation multiple linear regression obtained results as in Table IV.12:

Table 4 Multiple Linear Regression Test Results
Coefficients ^a

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	4.032	2.626
Compensation Financial	.312	.118
Competence	.587	.115

a. Dependent Variable: Performance

Source : Research Results, 2018 (processed data)

Based on Table IV.12 then equality multiple linear regression in research This as following :

Employee Performance = 4.032 + 0.312 Compensation Financial + 0.587 Communication

1. constant value a is 4.032 , which means that If No there is variable compensation financial (X_1) and competence (X_2) are considered constant , 0 then performance employee will worth amounting to 4,032 units.
2. Variables compensation financial (X_1) is 0.312 , which means that every increase variable compensation financial by 1 unit , then value on performance employee will increase by 0.312 units with assumption that other variables remain constant .
3. Variables competence (X_2) is 0.587 which means that every increase variable competence by 1 unit , then value on performance employee will increase by 0.587 units with assumption that other variables remain constant .

Coefficient Determination (R^2)

Coefficient test results determination can be seen in Table IV.13.

Table 5 Coefficient Values Determination (R Square)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 ^a	.615	.605	4.52874

a. Predictors: (Constant), Competence , Compensation Financial

b. Dependent Variable: Performance

Source : Research Results, 2018 (processed data)

Based on Table IV.13, the value *Adjusted R Square* is 0.605 which means that ability variation variable compensation financial (X_1) and competence (X_2) can explain variation from performance employee employee is by 60.5% and the rest 39.5 % is explained by the variables independent which is not investigated like leadership , discipline and communication .

Testing Hypothesis In general Simultaneous (F-Test)

The F test is basically show are all variables independent or free included in the model has influence in a way together against variable dependent / bound .

$$df (\text{numerator}) = k - 1$$

$$df (\text{denominator}) = n - k$$

Information :

N= number sample study

K = number variable free and bound

In the research This known amount sample (n) is 76 and the total variable (k) is 3, so obtained :

$$1) \quad Df (\text{numerator}) = k - 1 \quad df (\text{numerator}) = 3 - 1 = 2$$

$$2) \quad Df (\text{denominator}) = nk \quad df (\text{denominator}) = 76 - 3 = 73$$

F value calculation will obtained by using the help of *SPSS 17.0 for Windows* software . Then will compared to with mark F_{table} at level $\alpha = 5\%$ ($2:73$) = 3.12.

Table 6 Test Results Hypothesis In general Simultan

ANOVA ^b

Model		F	Sig.
1	Regression	58,326	.000 ^a
	Residual		
	Total		

- a. Predictors: (Constant), Competence , Compensation Financial
- b. Dependent Variable: Performance

Source : Research Results, 2018 (processed data)

In Table IV.14, the F_{count} result is 58.326 , while the F_{table} at $\alpha = 0.05$ is obtained from source probability F available tables which is 3.12 from this result it is known that $F_{count} > F_{table}$, and the significance is 0.000 or more small from $\alpha = 0.05$ to position significance test point is in the H_0 rejection region or can It is concluded that H_a is accepted , which means that variable compensation financial and competence in a way together influential positive and significant to variable performance employees at PT. Abadi Permai Medan.

Testing Hypothesis In general Partial (t-test)

The t-test was performed to see influence variable free that is compensation financial and competence in a way partial to performance employees at PT. Abadi Permai Medan .

Table 7 Hypothesis Test Results In general Partial / t-test

Coefficients ^a

Model		t	Sig.
1	(Constant)	1,535	.129
	Compensation Financial	2,647	.010
	Competence	5.112	.000

- a. Dependent Variable: Performance

Source : Research Results, 2018 (processed data)

In Table 7, the results of the partial test the results obtained are as follows following :

calculated t value for the variable compensation financial (2,647) more dominant compared to with t table value (1.99346) or mark *sig t* for variable compensation financial (0.010) more small from α (0.05). Based on the results obtained so reject H_0 and accept H_a for variable compensation financial . With thus , in a way partial compensation financial influential positive and significant to performance employees at PT. Abadi Permai Medan.

calculated t value for the variable competence (5,112) more dominant compared to with t table value (1.99346), or mark *sig t* for variable competence (0.000) more small from α (0.05). Based on the results obtained so reject H_0 and accept H_a for the variable competence . With thus , in a way partial competence influential positive and significant to performance employees at PT. Abadi Permai Medan

CONCLUSION

Based on the research results and discussions that have been described in chapter previously , then can withdrawn conclusion as following :

1. Testing the results in partial show that Compensation financial influential positive and significant on Employee Performance of PT. Abadi Permai Medan.
2. Testing the results in partial show that Competence influential positive and significant on Employee Performance of PT. Abadi Permai Medan.
3. Testing the results in simultaneous show that Compensation Financial and Competence influential positive and significant on the Employee Performance of PT. Abadi Permai Medan with mark coefficient determination by 60.5% and the rest 39.5 % is explained by the variables independent which is not investigated like leadership , discipline and communication .

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