

Improvement of Employee Performance Through Providing Fair Compensation

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Abstract- This study aims to determine to what extent the effect of fair compensation on improving employee performance at PT. Beyond Property Bandung. For the population in this study is the entire number of employees who work at PT. Beyond Property Bandung with the same number of samples as the population, which is 30 people. The research method used is descriptive and verification research methods. Meanwhile, data processing and analysis techniques are used, namely in the form of simple regression analysis, the calculations are made using statistical tools in the form of the SPSS 25 for Windows software program. Based on the results of processing and data analysis, it is known that fair compensation has a positive and significant effect on increasing employee performance. Thus, it is concluded that if the compensation can be done in a fair and proper manner, the results of the work shown by the employees while working can be better.

Keywords: *Compensation, Employee Performance.*

1. INTRODUCTION

Until now, problems related to the existence of human resources, as one of the most important assets owned by a company, are still a separate highlight that needs attention in relation to their role which can determine the success of a company in carrying out its business or business activities, as well as the company's capabilities in creating high competitiveness against other companies. Even though a company has complete working facilities and infrastructure, as well as very large working capital, if the company is not supported by skilled human resources at work, it will be difficult for the company to develop and maintain the sustainability of the business it is running at the time this or in the future. Therefore, it is necessary to have an increase in employee performance which has an impact on the success of the company in achieving its goals or objectives which can be done through the provision of fair and proper compensation. That way, if a company is able to provide compensation in an amount that is considered proportional to what the employee has done while working, then that employee will always strive to improve his work results which have an impact on better company performance. On the other hand, if the compensation is done inappropriately, in the sense that the amount of compensation provided is not able to provide welfare or create employee satisfaction with their work, then the work results shown by employees can become even worse, so that it will also impact the company's performance not good.

PT. Beyond Property Bandung is a company engaged in the sale, purchase and rental of property services that has been established since 2014 in the city of Bandung. To date, the company has been able to sell more than 2,700 property units, including properties in the form of houses, apartments, shophouses, boarding houses, land, and warehouses. In carrying out its business activities, this company has a team of property consultants who are able to work professionally, with high integrity, trustworthiness, and are experienced

and trained, who work to meet customer needs and desires in finding the property they want accurately, quickly and reliably, and able to market properties precisely and quickly. In addition, this property consultant team never gets tired of innovating and being creative at work, and is always responsive in fulfilling the wishes of its customers. As for the vision of this company is to become a company that develops and continues to innovate in order to be at the forefront of the property sector.

However, in order to realize this vision, this company does not always have workers who are able to work very quickly and precisely, and have high enthusiasm for work, or are able to show their best work performance while working. The following is a table containing data regarding the comparison between work targets and realization of their achievements in the period 2015 to April 2017 at PT. Beyond Property Bandung.

Table 1. Comparison of Work Targets with Work Achievement Realization at PT. Beyond Property Bandung in the 2015-2017 Period

No.	Employee Performance Targets of PT. Beyond Property Bandung	Target (%)	Index-Realization 2015 (%)	Index-Realization 2016 (%)	Index-Realization 2017 (%)
1	Punctuality of work	87,4	90,43	91,25	89,2
2	The ability to hit the target	85,45	88,54	87,12	90,63
3	Work motivation	89,14	91,05	90,11	88,11
4	Team work	91,24	87,21	89,35	85,35
5	Member control	87,74	83,17	82,04	80,04
6	Mastery of workers	87,15	91,22	88,31	87,31
7	Communication	92,21	94,83	90,18	91,43
8	Work effectiveness	88,47	87,31	85,71	84,51

Source: Human Resources Department PT. Beyond Property Bandung 2018

Based on the data shown in Table 1, it is known that the workers who work in this company still have not shown optimal results. This can be seen through the comparison between the percentage value of the work target that must be achieved with the percentage value of realization of its achievement, which indicates that there are several performance targets that have actually experienced a decrease in work results. Thus, it can be said that the results of the performance shown by the workers are not always fully achieved with the number of achievements that are never stable.

Compensation can be one of the factors that affect employee performance improvement. What is meant by compensation is all income in the form of money, direct or indirect goods, which employees receive as compensation for services provided to the company (Hasibuan, 2013). Several indicators can be used as a reference in providing fair and proper compensation to employees, including (Mangkunegara, 2015): 1) The level of payment, where the level of compensation given to employees is very dependent on the company's ability to pay for employee services; 2) Payment structure, which is related to the average payment, level of payment, and classification of positions in the company; 3) Determination of individual pay, which is based on the average level of payment, level of education, years of service and work performance; 4) Payment method, namely how compensation is paid which is made by payment method which is based on time (per hour, per week, per day, per month) or paid based on profit sharing; and 5) Control of payments, namely control, either directly or indirectly, related to work costs. Meanwhile, employee performance can be

defined as the result of work produced by employees or real behavior that is displayed in accordance with their role in the organization (Hariandja, 2002). Several indicators that can be used in assessing the work results shown by employees during work, including (Terry & Rue, 2016): 1) Quality of work is measured through employee perceptions of the quality of work produced, as well as task perfection. the skills and abilities of employees; 2) Quantity, namely the amount produced which is expressed in terms such as the number of units or the number of activity cycles completed; 3) Punctuality, the level of activity completed at the beginning of a predetermined time; 4) Effectiveness, namely the level of use of organizational resources (manpower, money, technology, and raw materials); and 5) Independence, which is the level of an employee who can carry out his job function.

Several previous research results state that compensation is one of the factors that can significantly influence employee performance or performance improvements (Sari et al., 2020; Siyum, 2020; Njoroge & Kwasira, 2015; Darma & Supriyanto, 2017; Jamil & Raja, 2011; Abdul Hameed et al., 2010). This shows that compensation has a direct relationship with employee performance, that is, if the compensation received by the employee is considered to be equal to all the actions or work that the employee has given to the company, then the performance shown by the employee can be even better. This is because employees feel that they have been given an award that is proportional to what they have done while working, so that the result of the employee's work is increasing.

However, it is not always the size of the amount of compensation that the company pays to its employees can directly improve the employee's work performance while working. This is evidenced by the results of research conducted by Saani (2013) which states that compensation does not directly predict a person's work performance at work. It is stated that if someone is satisfied with the form of compensation given to him by the company, then that person can be motivated to do the job as well as possible. Likewise, with the results of research conducted by Rinny et al. (2020) which states that partially compensation does not have any effect on employee performance. Thus, some research results show that compensation can have an opposite relationship with employee performance, namely the higher the amount of compensation received by employees, the lower the work results shown by the employee.

Based on this explanation, the authors become interested in conducting a study entitled "Improvement of Employee Performance through Providing Fair Compensation".

2. METHODOLOGY

In this research, the research method used is in the form of descriptive and verification research methods. Descriptive research method is defined as a research method used to analyze data which is done by describing or describing the collected data as it is without intending to make general conclusions or generalizations. Meanwhile, the verification research method is defined as a research method that aims to test the predetermined hypothesis (Sugiyono, 2014). In this study, the variables studied consisted of 2 main variables, including the fair compensation variable (X) as the independent variable and the employee performance improvement variable (Y) as the dependent variable. The purpose of this research is to determine the relationship or relationship between the variables under study.

The population in this study is all employees who work at PT. Beyond Property Bandung with a total of 30 people. Meanwhile, the number of samples taken in this study has the same number as the number of all members of the population. That way, for the sampling technique used, namely in the form of a saturated sampling technique or a census which is a sampling technique where members of the population are used as research samples because of the relatively small number.

For data collection techniques used in solving the problems studied in this study, they were collected in

various ways, including through interviews, which is a meeting of two people that aims to exchange information and ideas through questions and answers conducted on management and employees who work in the company. as the sources, distribution of questionnaires distributed to company employees as respondents, and literature study conducted by reading, studying, and understanding mandatory books (literature) and other references, such as journals and various other articles that still have relationship with the problem under study.

Furthermore, for data processing and analysis techniques used, namely in the form of a simple linear regression analysis method whose calculations can be calculated with the help of SPSS version 25.0. The need for data to be processed and analyzed further with the intention that the data that has been collected can have useful meanings, especially for solving the problems under study.

3. RESULTS AND DISCUSSION

a. Results of Data Processing

The coefficient of determination (R^2)

The purpose of measuring the coefficient of determination (R^2) is to measure to what extent the model's ability to explain the variation of the independent variables with the coefficient of determination which is between 0 and 1.

Based on the results of data processing shown in Table 2, it is known that the value of the coefficient of determination (adjusted R^2) obtained for the variables studied in this study is 0.602, which means that 62% of the better employee performance can be caused by giving fair and proper compensation provided by the company to its employees. Thus, it can be seen that if the compensation received by employees is felt to have fulfilled a sense of justice, then employees can be even better at showing their work results while working. Therefore, it can be said that the two variables studied in this study are related to one another.

Table 2. Coefficient of Determination (R^2) Improvement of Employee Performance through Providing Fair Compensation
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 ^a	.602	.588	4.384

a. Predictors: (Constant), Compensation

b. Dependent Variable: Performance

Source: Primary Data Calculation Results

Linear regression analysis

To be able to find out about the effect or impact of the variable giving fair compensation, as the independent variable (X), on the employee performance improvement variable, as the dependent variable (Y), a simple linear regression analysis method is used whose statistical calculations are carried out using the help of a software program. SPSS version 25.0. Based on the results of data processing shown in Table 3, it is known that the simple linear regression equation model that is formed is as follows:

Table 3. Simple Linear Regression Results Improvement of Employee Performance through Providing Fair Compensation
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.937	3.473		1.709	.098
	Compensation	.850	.131	.776	6.510	.000

a. Dependent Variable: Performance

Source: Primary Data Calculation Results

Based on the results of the simple regression equation model shown in Table 3, it is known that the effect of providing fair compensation on improving employee performance can be formulated as follows:

- If the value of variable X is equal to (0), then the value of variable Y = 5.937.
- If the value of variable X has increased by 1 (one), then the value of variable Y will increase by .850.

$$Y = 5.937 + (.850X) + \epsilon \quad (1)$$

Hypothesis test calculation

The main hypothesis in this study is that there is a significant influence between giving fair compensation to improving employee performance. To find out the truth of the predetermined hypothesis, the next step is to test the hypothesis which aims to find and seek answers about whether the formulated hypothesis can be accepted or rejected, the calculations are carried out by determining the critical value (α) where the p value is more. small compared to the α level used (of 0.05).

Based on the results of the calculation of the hypothesis test shown in Table 4, it is known that the value of p has a smaller number than the α level used, which is 0.05, or $0.000 < 0.05$, so H_0 is rejected, which means that fair compensation can have a significant or significant impact or influence on the work results of employees which are increasing.

Table 4. Hypothesis testing
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	814.639	1	814.639	42.379	.000 ^b
	Residual	538.239	28	19.223		
	Total	1352.878	29			

a. Predictors: (Constant), Compensation

b. Dependent Variable: Performance

Source: Primary Data Calculation Results

b. Discussion

Based on the results of calculations and data processing that have been shown previously, it is known that the variable giving fair compensation as the independent variable (X) has a significant or significant effect on the variable employee performance improvement as the dependent variable (Y). Thus, this shows that if an organization or company is able to provide compensation which amount is felt to be fair to its employees, then the performance shown by the employees can be even better. This is due to the employees' satisfaction at work which has an impact on their increasingly performing work. On the other hand, if a company is

unable to fulfill a sense of justice in terms of providing compensation to its employees, the results of the work it shows can become even worse. This is due to the employees' feeling of dissatisfaction with the amount of compensation they receive, which they feel is not in accordance with what employees have done for the company. What is meant by fair does not mean that the amount of compensation given to each employee, regardless of position or position occupied, has the same amount, but there needs to be an adjustment to the work results shown by the employee during work, the workload of each employee for each position occupied by him, as well as the position or position occupied by the employee in work. If an employee is able to show his best work results while working, then it is appropriate for the employee to get a much larger amount of compensation than other employees who show not very good work results. Likewise, if the workload that must be done by an employee becomes more difficult than other employees, or the position or position occupied in the hierarchy of the organizational structure becomes higher, then it is appropriate for the employee to get a greater amount of compensation in relation to duties and responsibilities. answer to the work that is getting tougher. In addition, compensation can also be said to be fair if the amount of compensation provided by a company to its employees does not make a difference that is too striking, especially if the amount of compensation is much lower, compared to the amount of compensation given by other companies for positions. who have the same job. This is important to pay attention to so that employees do not feel disappointed during work which results in the worsening of the work they show.

The results of this study have an output that is not much different from several other research results, including research conducted by Jean et al. (2017) which concludes that compensation can be considered a means of appreciation for the results. work shown by employees, thus motivating employees to work better which has an impact on improving employee performance. Similar to the results of research conducted by Mohamad et al. (2016) which states that compensation can directly affect employee performance.

4. CONCLUSION

Based on the results of the research and discussion that has been stated above, it is concluded that if the size of the amount of compensation provided by the company to its employees is felt to have met a sense of justice, then the performance shown by these employees can be even better. Thus, it is stated that the provision of fair compensation can have a significant effect on improving employee performance.

The author realizes that the research he has done still has several shortcomings. Therefore, in order for this research to be better in the future, it is necessary to suggest other variables which are still related to or related to the topic studied in this study, especially variables related to employee performance problems such as load variables. work, work environment, work discipline, job satisfaction, leadership style, quality of work life and other variables.

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