

## **THE EFFECT OF COMPENSATION ON EMPLOYEES PERFORMANCE OF IMPERIAL CLUB GOLF TANGERANG DISTRICT**

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### **ABSTRACT**

Compensation problems have become talks between employees, and the impact of motivation and employee performance decreases. To answer this problem, analysis and research are needed, so that a solution is found. This study uses a quantitative approach with multiple linear regression analysis. The total number of employees is 50 people, so the technical sample used is the census. Furthermore, the research was carried out by testing the stages of analysis which included descriptive analysis of the questionnaire, validity test, reliability test, classic assumption test, linear regression test, correlation coefficient test and test coefficient of determination. The results of the regression analysis show that the compensation has a positive and significant effect on the performance of Imperial Club Golf employees with a regression coefficient of 0,618 and Tcount of 7,156.

**Keywords : Compensation, Performance**

### **PROEM**

The era of globalization brought various changes, especially in the industrial sector. Not surprisingly, many companies are competing to be the best, given that globalization brings the rapid flow of information and technology, which has an impact on changing consumer behavior. Where today, consumers are more selective and smart in choosing and using products or services.

The above conditions are a challenge for every organization, to be able to meet consumer needs. One of them, companies can improve human resources. Human Resources (HR) is interpreted by Wahyudi (2018), is a person who legally has a working relationship and is believed to be able to run an organizational business. Therefore, the existence of HR is very important for organization development

To achieve these objectives, each company needs to make efforts to maintain, maintain and quality of work and employee loyalty for the company. And this is the task of company management, to learn everything that happens in the organization. Especially those related to employees. Like being lazy to work, being late for work, often not at work and unable to work together in a work team and take what is not his right.

The above phenomenon becomes a problem for every company, and forces every leader of the organization to think and act. In order for how the company can have good employees, good work ethic, good ability, good skills, and good performance. So that it can produce good work from these employees. In other words, it can reach the company's target and increase every year. Company leaders who are visionary and have strong desires, have the knowledge to see the future of the company and know ways that can influence and spur employees, so as to improve performance. In addition, the existence of leaders is a motivation for employees, a hope to lean on, be safe to stand on, make employees know to do the task correctly.

Employee performance, is a problem that must be taken seriously by the management and leadership of the company. Because the increase in employee performance will not happen by itself, but there must be participation both from the company and from the employee itself, one way the company can improve employee performance is by establishing a method of fair compensation between employee work productivity or work results received by the company in return for services or compensation received by employees for the work performance they produce. In other words, compensation in the company must be properly regulated, so that it can be accepted by both parties.

Given the importance of employee performance in achieving organizational goals, it is necessary to have serious efforts from management to try to improve it, one of which can be in the form of compensation. Compensation defined by Hasibuan (2013) is all income in the form of money, goods directly or indirectly received by employees in return for services provided to companies.

In human resource management, compensation is one of the important things in improving employee performance. Proper compensation can encourage an employee as a good work team within the company. And every employee hopes that the

compensation he gets from the work can fulfill all of his and his family's life needs. To make this happen, every employee sacrifices energy, time and thought for the survival of the company where they work. Because, they hope to get compensation or remuneration in accordance with the productivity of their work given to the company where they work.

In addition to increasing employee performance, providing appropriate compensation also has a positive influence on the company. That is to be able to retain employees with good performance. If the company cannot maintain employees who have good performance and do not provide appropriate compensation according to the work productivity of the employee. Then it will be bad for the company. Among other things can result in decreased productivity and can result in the loss of human resources or employees who have good performance, and means that companies need to find new labor or human resources to replace employees who have left.

Basically, compensation is a strategic function of human resource management, which has a significant effect on other human resources. Financial compensation also affects the overall strategy of the organization, because compensation has a strong influence on job satisfaction, productivity, work commitment, and other processes within a company. Because the success of a company can be achieved with the effort and quality of its human resources. The efforts made to improve the quality of the human resource system in the form of management development, work system improvement, and compensation efforts.

In line with the explanation above, based on research conducted by Murty (2012), Dito and Lataruva (2010), Dhermawan, Sudibya and Utama (2012), Suwati (2013), Sukmawati (2008), and Potu (2013) suggest compensation has a positive effect and significant to employee performance. The intended effect is, that the company acts wisely, by giving all employees rights in accordance with applicable regulations. So that it is expected to give birth to good work attitudes and behaviors, and have an impact on achieving performance.

In line with the above research, Damayanti and Sumaryati (2013), Nugraha and Ratnawati (2010) and Reza and Dirgantara (2010) suggest that compensation has a significant effect on performance.

## **THEORETIC**

### **Management**

Wahyudi (2018) argues, management is organizational governance by involving all stake holders. This definition implies, that management is a method or method or science that governs the running of an organization, by ensuring everything is in place, thus achieving organizational goals.

### **Human Resource Management**

Human Resource Management is defined by Hasibuan (2013), is the science and art of regulating relations and the role of labor, so that effective and efficient help realize the goals of companies, employees, and society. In other words, human resource management is the science that regulates the relationships between the elements of human resources that are interrelated to form a work system that is more effective and efficient, so that it can be useful in all aspects of life.

### **Compensation**

Hasibuan (2013) suggests compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to companies. Compensation directly affects employee psychology. From a good emotional state, generally good work behavior is born. Such as discipline, commitment, obedience to leadership, consistent, thorough, loyal and high performance.

The research results conducted by Damayanti and Sumaryati (2013), Nugraha and Ratnawati (2010) and Reza and Dirgantara (2010) suggest that compensation has a significant effect on performance.

### **Performance**

Mathis and Jackson (2010) explain, performance is what employees do or don't do. This definition means that what is done and not done by an employee will impact on the assessment of performance, work results, organizational goals and so forth. Therefore, it is important to ensure that what is done by employees is correct.

Besides theory, this research also reinforced by previous research, including Murty (2012), Dito and Lataruva (2010), Dhermawan, Sudibya and Utama (2012), Suwati (2013), Sukmawati (2008), and Potu (2013) suggesting compensation has a positive and significant effect on employee performance.

Based on the study of theory and previous research above, it can be stated, that the provision of compensation can motivate employees. This is evident, when the salary is given, the employee's enthusiasm increases, the absenteeism is high, the work atmosphere is full of warmth and so on. However, at the time of the old date, where the salary has not dropped, the work environment feels different. The employees are less enthusiastic in their work, the morale is not optimal and the motivation to achieve the target decreases.

## **METHOD**

This research departs from deductive thinking, so the approach taken is quantitative. The research method uses associative causal with descriptive and inferential explanations. The population in this study were 50 employees of Imperial Club Golf. The sample technique used was census, questionnaire research instrument and simple linear regression analysis method.

## **RESULT**

In the initial stage the analysis presented descriptive results. The results of the analysis show the average value of compensation and performance in the good category. The most dominant indicator of compensation is financial compensation. This explains, that the type of work explains the characteristics or level of work of the employee, where the level of operational work is always dominated by compensation. This means that for operational workers compensation is the main reason why it works. While the dominant employee performance is timeliness. This confirms that work in sports businesses such as golf time discipline is a fixed price. Because it must provide maximum service to visitors who incidentally come from the elite.

Then proceed with the validity test and reliability test, the results are in line with expectations. This means that the prepared questionnaire is able to correctly measure the variable compensation and performance. In addition, the questionnaire given to the respondents was answered in truth, so that the data could be accounted for. From this analysis, it is actually the most important stage, considering that quantitative analysis depends on the quality of the data. The goodness of data, allows good results of analysis and good conclusions. But if at this stage it is wrong, the results of the analysis and

conclusions are wrong. Of course this condition is feared by many researchers. Because the validity and reliability test is in accordance with the expectations of writing. Then the next regression test is carried out which includes correlation test, partial test and test coefficient of determination.

**Table 1. Correlation Coefficient Test**

Correlations			
		Compensation	Performance
Compensation	Pearson Correlation	1	.718**
	Sig. (2-tailed)		.000
	N	50	50
Performance	Pearson Correlation	.718**	1
	Sig. (2-tailed)	.000	
	N	50	50

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

Source: Research Data, 2018

Based on the table above, it can be stated that the variable compensation correlation value with a performance of 0.718 is included in the "strong" category. In other words, there is a strong relationship between variable compensation and performance.

The good relationship compensation with performance suggests that employee performance has a linear nature with compensation. If compensation is given according to employee expectations, performance will increase. But conversely if compensation is not appropriate, then the employee's performance is less than optimal.

Scientifically the findings above have confirmed the theory and strengthened previous research. It is true, factually compensation is the main motivation for employees to work. The saying says, there is no free lunch. This means that employees have the right to get the rights to their hard work. In many cases, an employee is willing to do any work (despicable or risky) to get compensation (compensation).

**Table 2. Linear Regression Test**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.749	3.655		4.583	.000
	Compensation	.618	.086	.718	7.156	.000

Source: Research Data, 2018

Based on the table can be stated as follows:

$$\begin{aligned} \text{Regression equation } Y &= 16.749 + 0.618X \\ \text{T count} &= 7.156 \\ \text{Significant Value} &= 0,000 \end{aligned}$$

Based on the above information, the following explanation can be stated:

1. The constant value of 16.749 means, even though there is no influence from the compensation variable, Imperial Club Golf employees still have a performance of 16,749.
2. The Compensation variable has a calculated t value greater than t table (7.156 > 2010). That is, compensation is proven to have a positive effect on performance. With interpretation, if compensation increases by 1 unit then the performance will increase by 0.618.
3. The compensation variable has a significant value smaller than 0.05 (0.000 < 0.05). That is, compensation has a significant effect on performance. With interpretation, the compensation variable is able to influence performance well with a regression coefficient of 0.618.

Based on the analysis above, it can be concluded:

Ha= There is a positive and significant effect of compensation on the performance of Imperial Club Golf employees

The findings above confirm that the provision of salary according to the provisions (type of work / position / UMR), giving incentives according to the additional workload, giving bonuses according to the performance / target, giving promotion to outstanding employees, etc. can be a driver for employees to work allout, full of responsibility, results oriented or predetermined targets.

In fact, the findings above are reinforced by the results of research by Murty (2012), Dito and Lataruva (2010), suggesting compensation has a significant effect on performance. Partially compensation is the most dominant variable affecting performance. This finding reinforces if compensation increases then performance increases. Conversely if compensation decreases then performance decreases.

While the research conducted by Dhermawan, Sudibya and Utama (2012), Suwati (2013), Sukmawati (2008), and Potu (2013) suggested that compensation has a significant effect on employee performance. The meaning of this finding is that the

company's efforts to provide all types of compensation to employees are a form of organizational support for improving employee performance.

Based on the findings above, the research implications can be stated as follows:

1. Compensation has a significant effect. It is expected that companies make compensation as a top priority in motivating employees.
2. The company is transparent in terms of providing compensation.
3. The company is fair in providing compensation. This means that the amount and type of compensation are adjusted according to regulations, work risks, and or positions.
4. The company provides health insurance, by registering employees in the BPJS health program and employment BPJS.
5. The company has a work system. A clear rule is made, with certain provisions related to the system of contract work and the appointment of permanent employees.
6. The company implements a Management by performace system. Career paths are based on competence, records of performance, personality and work experience.

**Table 3. Determination Coefficient Test**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.718 <sup>a</sup>	.516	.506	3.045	1.749
a. Predictors: (Constant), Compensation					
b. Dependent Variable: Performance					

Source: Research Data, 2018

Based on the table above, that the value of variable compensation contributions to performance is 0.506. This means that compensation has the ability to explain the performance variable by 50.6% while the remaining 49.4% is explained by other variables outside of this study.

The findings above have an explanation that the implementation of compensation so far can only have an impact on employee performance by 50.6%. In other words, the compensation system that is currently running new meets minimum standard assumptions. Needless to say, companies make improvements, including:

1. Increasing compensation in each year by 10%, must be consistent.
2. The amount of performance allowances, adjusted for performance achievement.



3. Amount of bonus or incentive adjusted to target achievement.
4. Increase in position is based on competency, performance and qualified experience.
5. The discount scheme for health benefits, in the form of participation in BPJS health and BPJS employment, is transparent.
6. Amount of holiday allowance, recommended at least 1 times basic salary.

## CONCLUSION

The results of the regression analysis show that the compensation below has a positive and significant effect on the performance of Imperial Club Golf Karawaci employees with a regression coefficient of 0.618 and T count of 7.156. This finding has confirmed the theory and previous research. The fact is that compensation really affects employee morale, so performance increases. Especially if the base salary amount, plus a bonus, and added benefits exceed the expectations of employees. So consciously employees will do anything by mobilizing their best abilities to achieve organizational goals. Furthermore, the amount of compensation has a direct effect on employee psychology. If the compensation offered is large, then the employee works in total and responsibly, and they feel embarrassed if the work results are not in accordance with company expectations. However, if the compensation offered is small, the behavior that arises is to work with a modest performance deemed feasible. Even in the field, many employees are proud to work with low performance without any regrets.

Of course the above conditions need to be addressed wisely and responded with concrete actions. The company immediately compiled a compensation scheme that was able to produce professional work attitudes and behaviors. With compensation for employees being hard-working, being a problem solver, being the front guard of the company's struggle, being proud of its company, and so on, all of which must be requested by the company, and in fact it is the essence of compensation.

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