

## The Relationship Between Compensation And Employee Performance Environmental Services

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### **Abstract**

*Realizing how important valuable human resources are, companies need to pay attention to compensation as appropriate reward for the awards that employees have worked for. The aim of this research is to determine the relationship between compensation and the performance of Environmental Service employees. The research method used in this research is quantitative correlation research. Using a sample of 121 employees from a population of 172 employees. The research indicators for compensation are salary, allowances and facilities, for employee performance the indicators are quantity of work, quality of work, service orientation, integrity, commitment, discipline, cooperation. The data collection technique used in this research is by using a questionnaire. The conclusion is that there is a positive and significant relationship between compensation and employee performance.*

**Keywords** : Compensation, Employee Performance, Environmental Service

### **A. Introduction**

Every organization is required to improve its performance in order to achieve its goals (Erialdy, 2023). Therefore, the existence of human resources is the most important thing that companies must pay attention to. The company's potential human resources and large capital capabilities can lead the company to success. Realizing how important valuable human resources are, companies need to pay attention to compensation as appropriate reward for the awards that employees have worked for. The compensation received by employees tends to determine their standard of living and social position in society. The importance of compensation for employees greatly influences their behavior and performance. The higher the compensation employees receive from the company, the greater their welfare. This motivates employees to carry out the work responsibilities given and also if the compensation they receive is low, the welfare of employees is reduced and results in decreased morale at work so that this causes losses to the company and the company does not achieve well.

As a form of appreciation for the submission and giving of all employee performance results to the company, the company provides compensation as a source of living for the employees concerned. Compensation will always be linked to the quantity, quality and benefits of services provided by employees to the company where they work. Providing compensation to these employees will influence how much the organization's goals can be achieved, and can even affect the survival of the company.

When compensation runs smoothly and according to plan, the next stage that is expected to occur is an increase in employee performance. When employee performance has been achieved, the company can measure the extent of the increase in performance they have achieved.

Several researchers have conducted research related to employee compensation and performance, including (Beta, 2015) with the title *The Influence of Job Characteristics and Compensation on Work Discipline and Its Impact on Employee Performance at the Rokan Hulu Regency Regional Revenue and Asset Management Service*, then (Leonardo and Andreani, 2015) with the title *The Effect of Compensation on Employee Performance at PT. Kopanita*, there is another (Hidayat, et al. 2017) with the title *The Effect of Compensation Fairness on Job Satisfaction and Employee Performance*, as well as Kurniawan, et al. (2017) with the title *The Influence of Compensation and Career Development on Motivation and its Impact on PT Employee Performance. Bank Syariah Mandiri Banda Aceh Branch*, including (Marpaung, et al. 2019) with the title *The Influence of Compensation and Career Development on the Performance of Civil Servants in the West Papua Province Transportation Service*. Researchers will conduct research with the aim of finding out the relationship between compensation and the performance of Environmental Service employees.

## **B. Method**

The research method used in this research is quantitative correlation research. Using a sample of 121 employees from a population of 172 employees of the Tangerang City Environmental Service. The data collection technique used in this research is by using a questionnaire given to employees. The form of questionnaire used in this research is a questionnaire with a multilevel scale. Respondents can choose answers in the form of graded statements, ranging from strongly agree to strongly disagree. The questionnaire consists of 2 (two) parts, namely the identity of the respondent and a list of questions/statements.

Research indicators for compensation are salary, benefits and facilities. For employee performance, the indicators are quantity of work, quality of work, service orientation, integrity, commitment, discipline, cooperation. For data analysis, normality test, linearity test, homogeneity test are used. while for hypothesis testing using simple linear correlation analysis, multiple linear correlation analysis, simple linear regression analysis, multiple linear regression analysis.

## **C. Results and Discussion**

The formulation of the H1 hypothesis in this research is that there is a positive and significant relationship between compensation and employee performance. From the results of data analysis, the following results were obtained.

Table 1. Correlation between Compensation and Employee Performance

Summary Output	
<i>Regression Statistics</i>	
Multiple R	0,216
R Square	0,047
Adjusted R Square	0,039
Standard Error	4,186
Observations	121,000

  

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1,000	102,429	102,429	5,847	0,017
Residual	119,000	2.084,745	17,519		
Total	120,000	2.187,174			

  

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	62,358	2,331	26,756	0,000	57,743	66,972	57,743	66,972
X <sub>1</sub>	0,211	0,087	2,418	0,017	0,038	0,384	0,038	0,384

From the table above, the calculated  $r_{\text{value}}$  between Compensation and Employee Performance is 0.216 and the  $r_{\text{table}}$  at the 5% significance level is 0.195. Thus, if the calculated  $r_{\text{value}}$  is greater than the  $r_{\text{table}}$  value, then the correlation coefficient is significant, or in other words there is a positive and significant relationship between compensation and employee performance.

For the significance test using the t test, the  $t_{\text{value}}$  obtained was 2.418 and the  $t_{\text{table}}$  at the 5% significance level was 1.980. Thus, the  $t_{\text{count}}$  value is greater than the  $t_{\text{table}}$  value, then the correlation coefficient is significant or it can be said that there is a positive and significant relationship between compensation and employee performance, and the data and coefficient can be generalized to the population where the sample was taken, or in other words the data This reflects the state of the population, which means H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. The functional relationship between compensation and employee performance can be calculated using regression analysis techniques  $Y = 62,358 + 0,211X_1$

Meanwhile, to find out how big the relationship is between compensation and employee performance, you can use the coefficient of determination. From the table, the coefficient of determination (R Square) value is 0.047 or 4.7%. This means that 4.7% of the variance that occurs in the Employee Performance variable is determined by the amount of compensation, while the remaining 95.3% is determined by other factors.

After testing the analytical requirements through normality, homogeneity and linearity tests, then a Pearson Product Moment correlation analysis was carried out and the correlation coefficient value  $r_{\text{count}} = 0.216 > r_{\text{table}}$  ( $r_{\text{table}} = 0.195$  at  $\alpha = 0.05$ ) was obtained. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is accepted, which means that there is a positive and significant relationship between compensation and employee performance, and the data and

coefficients can be generalized to the population from which the sample was taken or in other words the data reflects the situation of the population. This shows that changes to the Compensation variable will make changes to the Employee Performance variable.

Compensation contribution to employee performance is calculated using the coefficient of determination, which is 0.047 or 4.7%. This means that the Compensation variable contributes 4.7% to Employee Performance. Meanwhile, the remaining 95.3% contribution is determined by other factors, such as job characteristics, work discipline, career development, and other factors. To determine employee performance based on compensation, you can use the equation  $Y = 62,358 + 0,211X_1$ .

Compensation is everything an employee receives as a reward for their services or dedication to the organization. These rewards can be material and non-material. (Larasari, 2018) expressed the following opinion about compensation, compensation is one of the factors, both directly and indirectly, that influences the high and low performance of employees. Therefore, providing compensation to employees should receive special attention from management so that employee motivation can be maintained and employee performance is expected to continue to increase.

There are several factors that determine compensation. As written by (Mondy, 2005) quoted by (Sudaryo, et al, 2018), there are 7 (seven) factors that are taken into consideration in determining the amount of compensation originating from the worker or employee, namely performance, seniority, experience, organizational membership, potential, political power, and luck. Likewise, (Saihudin, 2019) who expressed the following opinion about compensation, compensation is everything received by employees including direct cash payments and indirect payments in the form of employee benefits, and incentives to motivate employees to work hard to achieve higher productivity. . If compensation is managed well, it will help the organization achieve its goals.

#### **D. Conclusion**

There is a positive and significant relationship between compensation and employee performance with a correlation coefficient value of 0.216, where the correlation coefficient value is greater than the correlation coefficient value based on the table ( $r_{table}$ ) at the 5% significance level, namely 0.195.

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