

The Effect of Compensation and Service Period on Employee Performance at PT. Infomedia Nusantara Branch Bandung

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ABSTRACT

This study aims to determine the effect of compensation and tenure on employee performance at PT. Infomedia Nusantara Bandung Branch. The method used is explanatory research with analytical techniques using statistical analysis with regression, correlation, determination, and hypothesis testing. The results of this study that compensation has a significant effect on employee performance by 50.7%, hypothesis testing is obtained t count $>$ t table or $(12.117 > 1.977)$. The working period significantly affects employee performance by 38.8%; hypothesis testing is obtained t count $>$ t table or $(9.513 > 1.977)$. Compensation and tenure simultaneously have a significant effect on employee performance with the regression equation $Y = 9.873 + 0.482X_1 + 0.269X_2$, and the contribution of the effect is 55.4%, hypothesis testing is obtained F count $>$ F table or $(88.055 > 2.670)$.

Keywords: Compensation, Working Period, Employee Performance

INTRODUCTION

Human resources often referred to as labor, have an essential role in maintaining the company's survival. Because developing or not, a company is very dependent on the performance or productivity of its employees. Therefore, the relationship between employees and the company is a relationship that is mutually dependent and mutually beneficial to both parties because companies need employees while employees need companies to fulfill their needs.

Article 1 of Law Number 36 of 1999 states that "telecommunication is any transmission, sending and or receiving of information results in the form of signs, signals, writings, images, sounds and sounds through the wire, optical, radio, or another electromagnetic system. Telecommunications equipment is any equipment used in telecommunications. The operation of telecommunications is the activity of providing

and providing telecommunications services to enable the operation of telecommunications. PT. Infomedia Nusantara is a telecommunications company subsidiary of the Telkom Group that provides the best contact center and business outsourcing services in Indonesia through more than 25 years of experience. To maintain a good image,

PT. Infomedia Nusantara also indicated unresolved problems, from the lack of employee discipline at work and the lack of employee maturity at work. 1975 was the beginning of PT Infomedia Nusantara's business journey to become the first telephone information service provider company in Indonesia. The Infomedia business portfolio is currently divided into three pillars. The first, business process outsourcing (BPO). This pillar is further divided into four business portfolios. The first portfolio is customer relationship management. The form of service as known so far is a contact center. The second

portfolio is human resources services. This service is to meet corporate needs for human resources (HR). We provide quality human resources as needed, for example,

In modern times like this, many companies tend not to be bothered by HR management. Instead, they hand it over to a third party. The third portfolio is operation service. This business exists because many companies do not want to be bothered by operational activities, such as office operation maintenance services, installation services, infrastructure, maintenance, IT equipment, system management documents, and more. Well, Infomedia does all of that without compromising the accuracy and confidentiality of information. Finally, the fourth portfolio is analytical data, if anyone needs a survey to find out consumer behavior or update the latest market conditions. This analytical data provides recommendations to corporate customers in taking strategic steps. We have a comprehensive database, both from the Telkom Group and internally. Data from the contact center can also be used as solid analytical data. For example, contact center data traffic from one of our corporate customers is engaged in fast food. From there, we can see the highest order traffic anytime and anywhere.

The second business pillar is the directory and digital media. What is referred to as a directory is the Yellow Pages? We have transformed, from the beginning, it was only print; we developed it into digital form because the trend in the use of print continues to decline. In several countries, especially developed countries like America, Europe, and Singapore, the print directory business is always down every year. Last year the decline was 7%–11%. They no longer follow the information from the printed version, likewise in Indonesia. Although still growing, the print directory business is not as big as before. Last year, this business only grew 1.7%. It happens because internet users also continue to grow. Now there are about 50 million. Maybe between two to three years, the print directory here will also go down. Therefore,

The Yellow Pages are digital formats, such as an e-book, compact disc (CD), and online. The impact of this change to digital formats affects our

sales techniques in finding ads. As is known, the life of the Yellow Pages depends on advertising. To spur the growth of the ad, we offer it in the form of bundling. So if someone puts an ad in the printed Yellow Pages, we will also include it in the e-book and online. In addition to switching to digital, we are restructuring our products.

This digital product is further divided into several product segments. First, there is digital rich content (DRC), a service in web design services. So if an entrepreneur wants to create a website, we can do it. In addition, we have an e-commerce product under the name www.goodizz.com which comes from a good discount. On this site, people can search for products that are being discounted. We launched this site in 2011. In addition, we have several sites, namely infojajan.com, YPtrading.co.id, and YPtravel.com.

Compensation, in this case, is to provide honoraria or wages to employees for the completion of work—the importance of providing compensation to support or encourage employees to work harder. However, providing compensation in this company is indicated as one of the factors for the lack of optimal employee performance. It can be indicated that the problem of delay in giving compensation or increasing compensation in this company. However, not only that but there was also a sudden cut in compensation without prior notice. Furthermore, often the calculation of compensation is not appropriate in this company, between basic compensation and overtime compensation. In addition to providing compensation, the rules in this company also affect a person's tenure, with an irregular working period and with a contract system. Because according to the Balai Pustaka of the Ministry of Education and Culture (2013), it is stated that, Working period (length of work) is an individual experience that will determine growth in work and position. Long working at The employee's achievements determines PT. Infomedia Nusantara.

Problems that make employee performance less than optimal are problems that must be investigated, and solutions are sought to be optimally by company expectations. From the understanding above, the researcher is interested

in researching the title "The Effect of Compensation and Work Period on Employee Performance at PT. Infomedia Nusantara Branch Bandung."

**Literature review
 Compensation**

Simamora (2018) explains that "Compensation is all company gifts to employees as a reward or remuneration for services provided by employees to the company."

Years of service

According to Sutrisno (2016), defines "Work period is the length of time a probationary period or internship in the sense of the length of time working at the company or the position currently working."

Employee performance

Employee performance must be continuously planned because improving employee performance is not an instant event but

requires well-organized planning and action for a certain period.

METHOD

The population in this study amounted to 145 respondents PT. Infomedia Nusantara Bandung Branch, the sample in this study, amounted to 145 respondents. The type of research used is associative. The aim is to determine the effect of the independent variables on the dependent variable either partially or simultaneously in analyzing the data used instrument test, classical assumption test, regression, coefficient of determination, and hypothesis testing.

RESULT and DISCUSSION

Research results

1. Descriptive Analysis

This test is used to determine the minimum and maximum scores, mean scores, and standard deviations of each variable. The results are as follows:

Table 1. Results of Descriptive Statistics Analisis Analysis

| | Descriptive Statistics | | | | |
|--------------------------|------------------------|---------|---------|-------|----------------|
| | N | Minimum | Maximum | mean | Std. Deviation |
| Compensation (X1) | 145 | 29 | 48 | 37.91 | 3,891 |
| Working period (X2) | 145 | 29 | 46 | 37.61 | 3,705 |
| Employee Performance (Y) | 145 | 28 | 46 | 38.27 | 3.532 |
| Valid N (listwise) | 145 | | | | |

Compensation obtained a minimum variance of 29. a maximum variance of 48 with a mean score of 3.791 with a standard deviation of 3.891. The working period obtained a minimum variance of 29. a maximum variance of 46 with a mean score of 3.761 with a standard deviation of 3.705. Employee performance obtained a minimum variance of 28 and a maximum variance of 46 with a mean score of 3.827 with a standard deviation of 3.532.

2. Quantitative Analysis.

This analysis is intended to determine the effect of the independent variable on the dependent variable. The test results are as follows:

a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Multiple Linear Regression Test Results

| Model | Coefficients ^a | | | | t | Sig. |
|-------|-----------------------------|------------|---------------------------|--|---|------|
| | Unstandardized Coefficients | | Standardized Coefficients | | | |
| | B | Std. Error | Beta | | | |
| | | | | | | |

| | | | | | | |
|---|---------------------|-------|-------|------|-------|------|
| 1 | (Constant) | 9,873 | 2.186 | | 4,516 | .000 |
| | Compensation (X1) | .482 | .066 | .531 | 7.268 | .000 |
| | Working period (X2) | .269 | .070 | .282 | 3.868 | .000 |

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the regression equation $Y = 9.873 + 0.482X1 + 0.269X2$. From these equations, it is explained as follows:

- 1) A constant of 9.873 means that there is an employee performance value of 9.873 points if there is no compensation and tenure.
- 2) The compensation regression coefficient is 0.482; this number is positive, meaning that every time there is an increase in compensation of 0.482, the employee's performance will also increase by 0.482 points.

- 3) The regression coefficient for the tenure of service is 0.269; this number is positive, meaning that every time there is an increase in the tenure of 0.269, the employee's performance will also increase by 0.269 points.

b. Correlation Coefficient Analysis

The correlation coefficient analysis is intended to determine the strength of the relationship between the independent variables and the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Results of Compensation Correlation Coefficient Testing on Employee Performance.

| | | Compensation (X1) | Employee Performance (Y) |
|--------------------------|---------------------|-------------------|--------------------------|
| Compensation (X1) | Pearson Correlation | 1 | .712** |
| | Sig. (2-tailed) | | .000 |
| Employee Performance (Y) | Pearson Correlation | .712** | 1 |
| | Sig. (2-tailed) | .000 | |

The test results obtained a correlation value of 0.712 means that compensation has a solid relationship to employee performance.

Table 4. Results of Testing the Correlation Coefficient of Service Period on Employee Performance.

| | | Working period (X2) | Employee Performance (Y) |
|--------------------------|---------------------|---------------------|--------------------------|
| Working period (X2) | Pearson Correlation | 1 | .623** |
| | Sig. (2-tailed) | | .000 |
| Employee Performance (Y) | Pearson Correlation | .623** | 1 |
| | Sig. (2-tailed) | .000 | |

The test results obtained a correlation value of 0.623, meaning that tenure has a solid relationship to employee performance.

Table 5. Results of Testing the Correlation Coefficient of Compensation and Working Period Simultaneously on Employee Performance.

| Model Summary | | | | |
|---------------|-------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .744a | .554 | .547 | 2.376 |

a. Predictors: (Constant), Years of service (X2), Compensation (X1)

The test results obtained a correlation value of 0.744 means that compensation and tenure simultaneously have a solid relationship to employee performance.

The analysis of the coefficient of determination is intended to determine the influence percentage of the independent variable on the dependent variable either partially or simultaneously. The test results are as follows:

c. Coefficient of Determination Analysis

Table 6. Results of the Coefficient of Determination of Compensation on Employee Performance.

| Model Summary | | | | |
|---------------|-------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .712a | .507 | .503 | 2,490 |

a. Predictors: (Constant), Compensation (X1)

The test results obtained a determination value of 0.507, meaning that compensation has

an influence contribution of 50.7% on employee performance.

Table 7. Test Results of the Coefficient of Determination of Service Period on Employee Performance.

| Model Summary | | | | |
|---------------|-------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .623a | .388 | .383 | 2,774 |

a. Predictors: (Constant), Years of service (X2)

Based on the test results obtained a determination value of 0.388, meaning that the

period of service contributes 38.8% influence on employee performance.

Table 8. Test Results of the Coefficient of Determination of Compensation and Years of Service on Employee Performance.

| Model Summary | | | | |
|---------------|-------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .744a | .554 | .547 | 2.376 |

a. Predictors: (Constant), Years of service (X2), Compensation (X1)

Based on the test results, the determination value is 0.554, meaning that compensation and tenure simultaneously influence 55.4% on

employee performance, while other factors influence the remaining 44.5%.

d. Hypothesis testing
Partial hypothesis test (t-test)

Hypothesis testing with a t-test is used to determine which partial hypothesis is accepted.

The first hypothesis: There is a significant effect of compensation on employee performance. The second hypothesis: There is a significant effect of tenure on employee performance.

Table 9. Results of Compensation Hypothesis Testing on Employee Performance.

| Model | | Coefficients ^a | | Standardized Coefficients Beta | t | Sig. |
|-------|-------------------|-------------------------------|------------|--------------------------------|--------|------|
| | | Unstandardized Coefficients B | Std. Error | | | |
| 1 | (Constant) | 13,773 | 2.032 | | 6.778 | .000 |
| | Compensation (X1) | .646 | .053 | .712 | 12.117 | .000 |

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the value of t count > t table or (12.117 > 1.977), thus the first hypothesis proposed that

there is a significant effect of compensation on employee performance is accepted.

Table 10. Hypothesis Testing Results of tenure on employee performance.

| Model | | Coefficients ^a | | Standardized Coefficients Beta | t | Sig. |
|-------|---------------------|-------------------------------|------------|--------------------------------|-------|------|
| | | Unstandardized Coefficients B | Std. Error | | | |
| 1 | (Constant) | 15,944 | 2,358 | | 6,761 | .000 |
| | Working period (X2) | .594 | .062 | .623 | 9.513 | .000 |

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the value of t count > t table or (9.513 > 1.977), thus the second hypothesis proposed that there is a significant effect of tenure on employee performance is accepted.

Simultaneous Hypothesis Testing (F Test)
 Hypothesis testing with the F test is used to determine which simultaneous hypothesis is accepted. The third hypothesis There is a significant effect between compensation and tenure on employee performance.

Table 11. Results of Compensation and Term of Service Hypothesis Testing on Employee Performance.

| Model | | ANOVA ^a | | | F | Sig. |
|-------|------------|--------------------|-----|-------------|--------|-------|
| | | Sum of Squares | df | Mean Square | | |
| 1 | Regression | 994.573 | 2 | 497,287 | 88.055 | .000b |
| | Residual | 801,937 | 142 | 5,647 | | |
| | Total | 1796.510 | 144 | | | |

a. Dependent Variable: Employee Performance (Y)

b. Predictors: (Constant), Years of service (X2), Compensation (X1)

Based on the test results in the table above, the calculated F value > F table or (88.055 > 2.670), thus the third hypothesis proposed that

there is a significant effect of compensation and tenure on employee performance is accepted.

Discussion of Research Results

The Effect of Compensation on Employee Performance

Compensation has a significant effect on employee performance with a correlation of 0.712 or has a strong relationship with a contribution of 50.7%. Testing the hypothesis obtained the value of t arithmetic $>$ t table or (12.117 $>$ 1.977). Thus, the first hypothesis proposed a significant effect between compensation on employee performance is accepted.

The Effect of Working Period on Employee Performance

The tenure has a significant effect on employee performance with a correlation of 0.623 or has a strong relationship with a contribution of 38.8%. Testing the hypothesis obtained the value of t arithmetic $>$ t table or (9.513 $>$ 1.977). Thus the second hypothesis proposed that there is a significant effect between tenure on employee performance is accepted.

The Effect of Compensation and Length of Service on Employee Performance

Compensation and tenure have a significant effect on employee performance with the regression equation $Y = 9.873 + 0.482X_1 + 0.269X_2$; the correlation value is 0.744 or has a strong relationship with the contribution of 55.4% influence while other factors influence the remaining 44.5%. The calculated F value obtains hypothesis testing $>$ F table or (88.055 $>$ 2.670). Thus the third hypothesis proposed that there is a significant effect between compensation and tenure on employee performance is accepted.

Conclusions and suggestions

Conclusion

1. Compensation has a significant effect on employee performance with an influence contribution of 50.7%. Hypothesis test obtained value of t count $>$ t table or (12.117 $>$ 1.977).
2. The period of service has a significant effect on employee performance, with a contribution of 38.8%. Hypothesis test obtained value of t count $>$ t table or (9.513 $>$ 1.977).

3. Compensation and tenure have a significant effect on employee performance with a contribution of 55.4% influence while other factors influence the remaining 44.5%. Hypothesis test obtained value of F arithmetic $>$ F table or (88.055 $>$ 2.670).

Suggestion

1. Companies must evaluate the compensation given to employees regarding the amount of salary, incentives, and other benefits.
2. Companies must appreciate employees who have achievements so that job satisfaction can increase
3. Company performance can be improved by empowering employees by enforcing reasonable regulations and providing more intense job satisfaction.

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