Employee Performance: Compensation and Career Development

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ABSTRACT

This study aims to determine the effect of compensation and career development on employee performance at Pos Indonesia (Persero) Bandung. The method used is descriptive and verification method with a population of 40 people and samples taken for this study, while the analytical method used in this study is multiple linear regression analysis at a significance level of 5%. The program used in analyzing the data uses the Statistical Package for Social Sciences (SPSS) Ver.23.00. The sampling technique used in this research is probability sampling technique with simple random sampling technique. The results showed that there was an effect of compensation, career development on employee performance at PT Pos Indonesia (Persero) Bandung.

Keywords: Compensation, Career Development, Employee Performance

INTRODUCTION

Basically every company has a certain vision and mission that must be achieved, one of which is to gain profit (profit oriented). The company will make various efforts to achieve this goal by using production factors which include capital, skills, technology and existing employees (Fawzy, 2014). Many companies realize that human resources are the most important company problem, because it is through human resources that other resources within the company can function or be carried out (Rivai and Sagala, 2016: 14). For this reason, it is important for companies to be able to improve employee performance in order to achieve organizational goals. Employee performance is the result of work achieved by a person in carrying out the tasks assigned to him based on skills, experience and sincerity and time (Hasibuan, 2016). Meanwhile, according to Rue (2000), performance refers to the level of fulfillment of tasks that make up the work of employees. A company needs to conduct a performance appraisal on its employees. Performance appraisal plays a very important role in increasing motivation at work. Assessment should provide an accurate picture of work performance.

Various cases regarding employee performance often occur in companies, such as one that was experienced by PT Pos Indonesia (Persero). PT Pos Indonesia (Persero) which is one of the largest state-owned enterprises in the service sector in Indonesia that provides Courier and Logistics services. Being the oldest company with 270 years of age, as well as being supported by a very wide network and tens of thousands of employees is no guarantee that the company can provide good service (Wahyudi, 2012). Below will be presented a graph regarding employee performance appraisal at PT Pos Indonesia (Persero) Bandung City in 2017-2019, namely as follows:
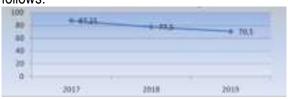

Figure 1. 2017-2019 Performance Assessment Graph
Source: processed by researchers in 2022

This shows that the low performance of employees is related to the lack of conformity of work completion with work targets and standards, high workload, untimely completion of work and lack of employee initiative at work.

The next factor that causes is the low compensation received by employees. Basically, the provision of effective and efficient compensation can directly form organizational stability (Fauzi, 2014). Compensation is everything that employees receive as compensation for their work (Handoko, 2015). Compensation is related to internal and external consistency. Internal consistency relates to the concept of relative pay within the organization, while external consistency relates to the relative level of the payroll structure within an organization compared to the payroll structure that applies outside the organization (Hasibuan, 2016) Based on the results of interviews with various employees, the compensation provided by the company is not based work performance but seen from the length of service of employees.

Results of interviews with staff of the HR division of PT. Pos Indonesia (Persero) Bandung, that the career development program has been running for a long time in the company. But it still has drawbacks, one of which is the career path that is given only to employees who have grade 10 and above, and employees are required to have a certificate stating that they have passed the training. The grade that applies at PT. Pos Indonesia symbolizes the rank of years of service, so the longer the employee works at the company, the grade will rise every 4 years. Not all employees get the opportunity to develop their careers to occupy the positions they expect, this is due to the lack of training programs that support employees' skills improvement. Thus, career development will affect employee performance (Harun and Elmi, 2017).

Several previous studies related to this research have been conducted by Charity (2015), Hameed and Mphil (2014), Rosyidawaty (2018) whose research results show that compensation and career development affect employee performance. Based on the description of the background, the researcher can identify the problem with the formulation of the problem, which is as follows:

1. How does the influence of compensation on the performance of employees of PT. Pos Indonesia (Persero) Bandung.

2. How does the influence of career development on the performance of employees of PT. Pos Indonesia (Persero) Bandung

METHOD

The research methodology used in this study is a verification research method. Nazir (2014) defines the verification method as a research method that aims to determine the causal relationship between variables through a hypothesis test through a statistical calculation so that evidence can be produced indicating the hypothesis is rejected or accepted.

The population in this study are employees of PT. Pos Indonesia (Persero) Bandung. The sampling technique used in this research is non-probability sampling with saturated sampling method. The sample in this study were employees of PT. Pos Indonesia (Persero) Bandung, totaling 40 people.

The validity test is the degree of speed between the actual data occurring on the research object and data that can be reported by the researcher. Thus valid data is data "that does not differ" between the data reported by the researcher and the data that actually occurs in the research object (Sugiyono 2017). Reliability / reliability (degree of consistency / constancy) is a measure that shows how high an instrument can be trusted or relied upon, meaning that reliability relates to the accuracy (in the sense of consistency) measuring instruments (Mustafa, 2009). Another understanding is that if the same set of objects is measured many times with the same measuring instrument, the same results will be obtained.

RESULT and DICUSSION

1. **Instrument Test Results**

Based on the data collected, it is known that the respondents for gender characteristics, the majority of employees of PT. Pos Indonesia (Persero) Bandung in this study were male as many as 26 respondents (65%). Furthermore, for the last educational characteristic, the majority of employees with an undergraduate degree are 23

respondents (57.5%). while 25 respondents (62.5%) worked for 1-5 years.

2. Validity and Reliability Test

Based on the validity test conducted on the questionnaire questions from the recruitment variables are as follows:

Table 1. Test the validity of the compensation variable

Question	r count	r table	Information
P1	0.871	0.283	Valid
P2	0.91	0.283	Valid
P3	0.914	0.283	Valid
P4	0.73	0.283	Valid
P5	0.875	0.283	Valid
P6	0.914	0.283	Valid
Q7	0.912	0.283	Valid
Q8	0.804	0.283	Valid
Q9	0.871	0.283	Valid

Source: processed by researchers in 2022

Table 2. Test the validity of career development variables

Question	r count	r table	Information
P1	0.872	0.283	Valid
P2	0.872	0.283	Valid
P3	0.941	0.283	Valid
P4	0.927	0.283	Valid
P5	0.857	0.283	Valid
P6	0.832	0.283	Valid
Q7	0.815	0.283	Valid
Q8	0.886	0.283	Valid
Q9	0.931	0.283	Valid
P10	0.939	0.283	Valid

Source: processed by researchers in 2022

Table 3. Test the validity of employee performance variables

Question	r count	r table	Information
P1	0.943	0.283	Valid
P2	0.946	0.283	Valid
P3	0.824	0.283	Valid
P4	0.921	0.283	Valid
P5	0.946	0.283	Valid
P6	0.906	0.283	Valid
Q7	0.935	0.283	Valid
Q8	0.955	0.283	Valid
Q9	0.846	0.283	Valid

| P10 | 0.921 | 0.283 | Valid |

Source: processed by researchers in 2022

Based on the validity test on compensation, career development and employee performance variables, they meet the validity criteria, namely the value of r count > value of r table.

3. Reliability Testing

The reliability test can be carried out together on all questions for more than one variable. The results of reliability testing for the variables of recruitment, selection, employee performance are as follows:

Table 4. Reliability Test

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Compensation	,969	,969	9
Career development	,977	,977	10
Employee performance	,983	,983	10

4. Normality test

The results of the normality test using the Kolmogrov Smirnov test are as follows:

Table 5. Kolmogrov Smirnov Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		40
Normal Parameters, b	Means	,0000000
	std. Deviation	,41096709
Most Extreme Differences	absolute	, 165
	Positive	, 165
	Negative	-0.075
Kolmogorov-Smirnov Z		,973
asymp. Sig. (2-tailed)		,300

The Kolmogorov Smirnov value is 0.973 with a significance value of 0.300. Because the significance value generated by Kolmogrov Smirnov is more than 0.05 or 5% (significant level of research significance) namely (0.300> 0.05), it can be concluded that Ho is accepted or the residual data is normally distributed, in other words the regression model is feasible used because it meets the assumption of normality or normally distributed data.

5. Multiple Linear Regression Analysis

Below will present the results of testing multiple linear regression analysis, namely as follows:

Table 6. Multiple Linear Regression

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	-0.03	,271		-,126	,900
Compensation	,364	, 116	,341	3,138	,004
P_Career	,639	,112	,623	5,723	,000

The regression equation model formed based on the results of the analysis is Y = -0.034 + 0.364 X1 + 0.639 X2.

6. F Model Testing

The F test is a model feasibility test (goodness of fit) that must be carried out in multiple linear regression analysis. Below will be presented the results of simultaneous hypothesis testing using multiple linear regression analysis, namely as follows:

Table 7. Hypothesis Testing

ANOVA [b]

Model	Sum of Squares	df	MeanSquare	F	Sig.
1 Regression	19,534	2	9,767	54,428	,000a
residual	5,742	32	, 179		
Total	25,277	34			

Source: SPSS Output Results

Based on the results of hypothesis testing (f test) above, the significance value of the simultaneous regression model is 0.000, this value is smaller than the significance level of 0.05 (5%), which is 0.000<0.05. it can be concluded that this model test is feasible to use in research.

7. Coefficient of Determination

The results of testing the coefficient of determination are presented as follows:

Table 8. Simultaneous Determination Coefficient

Summary model[b]

Model	R	R Square	Adjusted R Square
1	,879a	,773	,759

Source: SPSS Output Results

Based on the results of the determination coefficient test above, it shows that the R2 value is 0.773, which means that the variability of the dependent variable, namely employee performance, which can be explained by the independent variables, namely compensation and career development variables in this study, is 77.3%, while the remaining is 22. 7% is explained by other variables outside the research model.

8. TestingPartial Hypothesis (Test t)

This test basically aims to show how far the influence of one independent variable individually in explaining the dependent variable. Below will be presented the results of partial hypothesis testing using multiple linear regression analysis as follows:

Table 9. Hypothesis testing t test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	std. Error	Betas	t	Sig.
1 (Constant)	-0.03	,271		-,126	,900
Compensation	,364	, 116	,341	3,138	,004

P_Career	,639	,112	,623	5,723	,000

Source: SPSS Output Results

Based on the results of the t-test (partial) on the regression model, the significance value of the compensation variable is 0.004 <0.05 (significant level of research significance). it can be concluded that H1 is accepted, meaning that partially the compensation variable has an effect on employee performance while the significance value of the career development variable is 0.000 <0.05 (significant level of research significance) it can be concluded that H2 is accepted, meaning that partially the career development variable has an effect on performance variables employee.

A. Effect of Compensation on Employee Performance

Based on the results of the study, it shows that compensation has a significant effect on employee performance. The results of this study are supported by the theoretical basis in the previous discussion which states that to improve employee performance, companies must provide proper compensation to employees. With the provision of compensation, the life and status of employees will be more secure in the midst of society (Ganyang and Lestari, 2013). The results of this study are in line with the results of previous studies conducted by Charity (2015), Hameed and Mphil (2014), Rosyidawaty (2018). The results of his research show that compensation affects employee performance. So the better the compensation given, the better the employee's performance will be

B. Effect of career development on Employee Performance

Based on the results of the study, it shows that career development has a significant effect on employee performance. The results of this study are supported by the theoretical basis in the previous discussion which states that career development will ensure the availability of employees in accordance with their competence as supporters of the quality of work and use their potential in contributing to achieving company goals, and employees will try to work optimally to achieve achievements in carrying out their duties, with the hope of being able to reach a position/position that is higher or better than the previous position/position. Thus, career development will affect employee performance (Harun and Elmi, 2017). The results of this study are in line with the results of previous studies conducted by Charity (2015), Hameed and Mphil (2014), Rosyidawaty (2018) shows that career development affects employee performance. So the better the career development, the higher the employee performance

CONCLUSION

Conclusion

Based on the results of the research, the conclusions are as follows:
1. Based on the results of the study, it shows that compensation has an effect on employee performance.
2. Based on the results of the study, it shows that career development has an effect on employee performance.

Suggestion

As for suggestions that can be conveyed by researchers based on the results of research that has been done, namely improving employee performance in managing work time properly and resourcesorganization so that it can be used to support work. As well as the role of the company leadership in helping every employee who experiences difficulties or problems at work by providing directions or solutions to the work problem.

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