The Effect of Financial and Non-financial Compensation on Performance Employees of PT. Glostar Indonesia

Ani Nuraeni(✉), Bonse Aris Mandala Simangunsong(✉), MRavi Assopi(✉), and Siti Nuraulia(✉)

Nusa Putra University, Sukabumi, Indonesia
{ani.nuraeni_mn19,bonse,m.ravi_mn19, siti.nuraulia_mn19}@nusaputra.ac.id

Abstract. This study aims to determine the effect of financial and non-financial compensation on the performance of PT. GLOSTAR INDONESIA. The population in this study were employees of the embossing department of A PT. GLOSTAR INDONESIA by using a saturated sampling technique where all members become samples. In this study, the variables used were Financial Compensation and non-financial compensation to find out whether it affects employee performance at PT. GLOSTAR INDONESIA. The analysis technique used in this study is multiple linear regression analysis using the SPSS application. The results of this study show that the variables of financial compensation and non-financial compensation have a positive and significant effect on employee performance. From the results of the determination quenth, it shows that 39% of employee performance is influenced by financial and non-financial compensation, the remaining 61% is influenced by other factors.

Keywords: financial compensation · non-fiancial compensation · Performance employee

1 Introduction

In carrying out business activities, a company certainly requires resources such as capital, materials, machinery and employees. Employees are an important resource for the company, because they have the talent, energy and creativity that are needed by the company to achieve its goals. On the other hand, employees also have a share of various needs that they want to meet. It is this desire to meet needs that is seen as an impetus or impulse for a person to do something, including doing work or work. For some employees the hope of earning money is the only reason to work, but others argue that money is just one of many needs met through work. They will feel more appreciated if they receive various facilities and other status symbols from the company where they work. From the above, it can be concluded that the willingness of employees to devote their abilities, knowledge, skills and time expects rewards from the company that can satisfy their needs.

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Such as the importance of providing compensation is partly one of the ways that companies do so that employees have responsibility for the work that the company gives them. Providing properly applied compensation to employees can reduce the sense of worry about the economic problems and daily needs they face, because it can meet the needs with compensation received from the company where they work. With this compensation, it will encourage employees to provide returns to the company such as doing work according to established standards, complying with company regulations and responsibility for the smooth running of the company. In other words, they want to work because they feel that by working they will get compensation as a source of sustenance to support themselves and their families. By providing compensation, it is expected to improve employee performance.

PT. Glostar Indonesia (GSI) is a company located in Sukabumi Regency engaged in the manufacture of Adidas brand shoes under the auspices of the Pou chen Group company. Where the company has employees as company assets must be considered, so that the company does not lose employees who excel and have good productivity. In the author's temporary observation in the object of study that the performance of employees of Emboss A PT. Glostar Indonesia is not optimal, there are still many employees who complain about the compensation given by the company to employees, which has an impact on reducing employee performance it self.

The formulation of the problem in this study is :

1. Whether compensation greatly affects the performance of Emboss A PT employees. Glostar Indonesia?
2. What types of compensation do Emboss A get from PT. Glostar Indonesia?
3. How influential financial and non-financial compensation affects the performance of Emboss A PT employees. Glostar Indonesia?
4. 4. Which compensation is more dominant between financial and non-financial compensation to the performance of Emboss A PT employees. Glostar Indonesia?

The objectives of this research are:

1. To find out how much effect the compensation has on the employees of Emboss A PT. Glostar Indonesia.
2. To find out the type of compensation obtained by Emboss A employees from the company PT. Glostar Indonesia.
3. To find out whether financial and non- financial compensation has a significant effect on the performance of Emboss A PT employees. Glostar Indonesia.
4. To find out which compensation is more dominant between financial and non-financial compensation to the performance of Emboss A PT employees. Glostar Indonesia.

2 Literature Review

1) Compensation

According to (Hasibuan, 2019) compensation is all income in the form of money, direct and indirect goods received by employees in exchange for services provided by the company. Basically, compensation is grouped into two groups, namely financial compensation and non-financial compensation. Some financial compensation is direct and some are indirect. Meanwhile, non-financial compensation can be in the form of work and work environment.

a) Direct financial compensation consists of:

- Salary
  Salary is a financial reward that is paid to employees on a regular basis, such as annual, monthly, monthly or weekly.
- Wages
  Wages are direct financial rewards paid to workers based on working hours, the number of goods produced or the number of services provided.
- Incentive
  Incentives are direct rewards paid to employees because their performance exceeds the specified regulations.
- Bonus
  Bonus is one of the financial compensation given to employees for their work for doing work according to established standards.

b) Fringe benefit is additional compensation provided at the company's discretion towards all employees in an effort to improve employee welfare. Examples include health insurance, life insurance, and housing assistance.

2) Employee Performance

According to Prawiroentono, performance is the work of a group or in an organization in accordance with their respective responsibilities and powers, but work together to achieve organizational or company goals that do not violate morals, laws, or ethics. Meanwhile, according to Moeheriono, the performance of a Employees in a company are something that can be achieved by individuals or groups, be it quantitatively or qualitatively. So employee performance is something achieved by a person or group of people both quantitatively and quantitatively qualitative according to the responsibility and power of each one to achieve Company objectives.

3) Hypothesis Development

a. **The effect of financial compensation on employee performance**

Compensation is also defined as the recompense of services provided by the company to employees for the contribution of employees in achieving company goals. Compensation also has a very important influence in improving employee performance, as it is known that compensation is all services received by employees from the company in exchange for their work in the company, in financial or non-financial form and encourages employees to carry out work or work in accordance with established company procedures.

The compensation is divided into two groups, namely financial compensation and non-financial compensation. Financial compensation is a direct compensation received by employees in the form of money such as salaries, bonuses and incentives.

Salary is a reward that is paid to employees on a regular basis, such as yearly, chess-wulan, monthly, weekly or daily. Bonuses are compensation that the company gives to employees who are considered to meet the job targets set by the company. Incentives are direct rewards paid for working beyond the standards set by the company.

H1: Non-financial compensation affects positing and significantly affects employee performance.

b. **The Effect of Non-Financial Compensation on Employee Performance**

In addition to financial compensation, there are also non-financial compensation. Non- financial compensation is compensation that cannot be felt directly by the employee usually can be in the form of an award or commendation, promotion or facility provided to the employee and the appropriate work environment of the company. And with the non- financial compensation given by the company to the employees, it is hoped that it can improve the welfare of employees and so that employees are comfortable at work.

H_2: Non-financial compensation affects positing and significantly affects employee performance. The effect of financial compensation is more dominant on employee performance

c. **The effect of financial compensation is more dominant on employee performance**

A successful company will not be separated from the results of the performance of the company's own employees. According to (Torang, 2013) performance is the quantity and quality of individual or group work in the company in carrying out the main tasks and functions that are guided by norms, as well as operating standards, criteria and measures that have been set or that have been applicable in the company. So performance is a result of quantity or quality achieved by a person or group of employees in carrying out their job duties in accordance with the norms or procedures that have been set by the company. Employee performance has several important indicators, namely quantity, quality, implementation of duties and responsibilities.

H3: Financial compensation is more dominant in employee performance.

4) Conceptual Framework of Research

See Fig. 1.

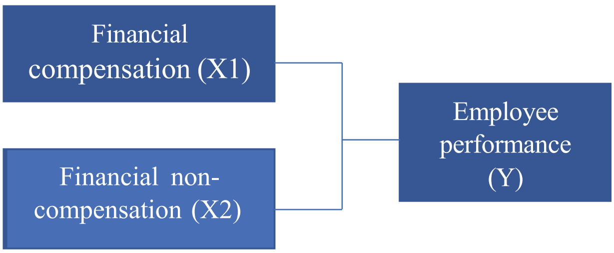

Fig. 1. Conceptual Framework of Research

3 Research Methods

The type of research used is a quantitative research approach.

1) Population and Research Sample
The population for conducting the research is all cigarette manufacturing sub-sectors listed on the Indonesia Stock Exchange engaged in the tobacco industry 2017-2021. There are 5 companies listed on the Indonesia Stock Exchange as a sample. The researcher used purposive sampling (non-probability). The population in this study was all employees of the Emboss A department of PT. Glostar

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + \boldsymbol{e}$$

Indonesia, with the sampling technique used, namely saturated samples. According to (Sugiyono, 2017) the saturated sampling technique is a sampling technique in which all members of the population are used as samples. So the number of samples used in this study was 42 employees of the embossing department A.

2) Data Collection Techniques
The data collection method in this study is to use the following methods:

a. Observation Method (observation)
   Observation is a research method that can be done directly or indirectly with direct observation to carry out the monitoring and recording of data needed for research where this research is located at PT. Glostar Indonesia, more precisely in the Emboss A department.
b. Questionnaire Method
   The questionnaire method is a list of questions that contain questions about the object being studied by the study and will later be distributed to respondents and answers from respondents can be useful for researchers in testing predetermined hypotheses
c. Library Research Methods
   Library Research method is to learn or understand from literature, books, junal, internet and others related to the research to be raised.

3) Research variable
In carrying out this research using independent variables and dependent variables. Dividend policy is the dependent variable (Y) while the dependent variable is:

a) Financial compensation (X1)
b) Non-financial compensation (X_2)

1) Data Analysis Technique

In conducting data analysis, multiple linear regression analysis was applied in this study. As for the influence of the independent factors on the dependent variable in this study, it can be observed. The following is the equation for multiple linear regression analysis:

Information:

Y = Employee Performance a = Constant
b = Regression coefficient of each independent variable
X 1 = Financial compensation
X 2 = Non-financial compensation
e = Standard error

4 Results and Discussion

1) Data Quality Test Results

a. Validity Test

The results of the validity test can be seen from the corrected item-total correlation value, this value is then compared with the table r value sought at a significance of 0.01 with a 2-sided test (Ghozali, 2016). The value of r table is calculated using df (degree of freedom) analysis, namely by the formula df = n-2 where n is the number of respondents. An instrument is said to be valid if the correlation value r calculates > r table, conversely an instrument is said to be invalid if the correlation value r is calculated < r table (Astuti et al., 2014: 32). Thus, the value of df = (n-2 = 45 - 2) = 0.294 (Table 1).

b. Reability test

Based on the Table 2, it is known that the reliability test of each variable has a Cronbach

Table 1. Validity Test results

No	nilai R hitung			nilai R tabel
	kompensasi finansial	kompensasi non finansial	kinerja karyawan	
1	0,691	0,691	0,474	0,294
2	0,685	0,429	0,642	0,294
3	0,444	0,738	0,716	0,294
4	0,535	0,675	0,693	0,294
5	0,717	0,873	0,654	0,294
6	0,758	0,707	0,688	0,294
7	0,516	0,776	0,585	0,294
8	0,63	0,846	0,701	0,294
9	0,753	0,899	0,539	0,294
10	0,705	0,866	0,551	0,294

Table 2. Reability Test results

Variabel	Jumlah Item	*Cronbach Alpha (a)*	Keterangan
Kompenasi finansial (X_1)	10	0,823	*Reliabeliy*
Kompenasi non finansial (X_2)	10	0,817	*Reliabeliy*
Kinerja karyawan (Y)	10	0,825	*Reliabelity*

Alpha > 0.60 so it can be concluded that the questions in the questionnaire distributed to respondents have a good level of reliability so that the questions in the questionnaire can be used as research instruments. Then the results of the reliability test are stated to be in accordance with the statements in the data analysis method according to (Suntoyo, 2013: 81).

2) Hypothesis Test Results

a. Multiple linear regression

Based on the Table 3 above. Then the regression equation obtained from the calculation results is as follows:

$$Y = 20.832 + 0.350\ X1 + 0.185\ X2$$

Information:

c. The constant of 20,832, this indicates that if the variables Financial Compensation (X_1), Non- financial Compensation (X_2) budget 0 then Employee performance (Y) is 20,832.
d. Based on financial compensation (X_1) regression test results which show that the financial compensation variable (X_1) has a positive regression coefficient with a value of b = 0.350 meaning that if there is an increase in the value of variable X1, by 1 point, it will increase by the value of employee Performance (Y) 0.350.
e. Based on non-financial compensation (X_2) regression test results which show that the non- financial compensation variable (X_2) has a positive regression coefficient with a value of b = 0.187 meaning that if there is an increase in the value of variable X2, by 1 point, there will be an increase in the value of employee performance (Y) 0.187.

b. Coefficient of Determination Test

Based on the results of the coefficient of determination test (R2) in the Table 4 above.

Table 3. Multiple linear regression results

	Kompenasi non finansial (X_2)	,187	,080	,300	2,3 31	,02 5	,83 7	1,19 5

a. Dependent Variable: Kinerja karyawan (Y)

Indicates that the amount of value obtained by adjusted R- Square is 0.390 which means 39% of the variables Employee performance (Y), which is influenced by financial compensation (X_1), non-financial compensation (X_2). While the rest (100-39%) is 61% which is influenced by other variables outside the equation.

c. T Test

Based on the results of the T test in the Table 5 above, it can be explained as follows:

a. Financial Compensation Variable (X_1).

From the calculation results above, it shows that the value in the financial compensation variable (X_1) is calculated at $3.602 > 2.018$ with a significant value of $0.001 < 0.05$. So it can be concluded that financial compensation (X_1) has a positive effect on employee performance (Y), then H0 is rejected H1 is accepted.

b. Non-financial Compensation Variable (X_2)

From the results of the calculations above, it shows that the value in the non-financial compensation variable (X_2) is a calculated value of $2.331 > 2.018$ with a significant value of $0.0.025 < 0.05$. So it can be concluded that non-financial compensation (X_2) has a positive effect on employee performance (Y), then H0 is rejected H1 is accepted.

Table 4. Coefficient of Determination Test results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,646[a]	,418	,390	2,870
a. Predictors: (Constant), Non-financial compensation (X_2), Financial compensation (X_1)				
b. Dependent Variable: Employee performance (Y)				

Table 5. T Test results

Variabel	T	Significance	Information
Financial compensation (X_1)	3,602	0,001	Significance
Non-financial compensation (X_2)	2,331	0,025	Significance

Table 6. F Test results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	248,059	2	124,029	15,058	,000[b]
	Residual	345,941	42	8,237		
	Total	594,000	44			
a. Dependent Variable: Employee performance (Y)						
b. Predictors: (Constant), Non-financial compensation (X_2), Financial compensation (X_1)						

d. F Test

a. Based on the Table 6 above the SPSS output, the sig value is known. is 0.000 Because of the sig value. 0.000 $<$ 0.05 then it is concluded that the hypothesis is accepted or in other words the effect of financial compensation (X_1), non-financial compensation (X_2) simultaneously affects employee performance (Y).
b. Based on the Table 6 above the SPSS output, it is known that the value of F is Because the value of F is calculated 15.058 $>$ Ftabel 3.21, it is concluded that the hypothesis is accepted or in other words the effect of financial compensation (X_1), non-financial compensation (X_2) simultaneously affects employee performance (Y).

4.1 Discussion

1. Effect of Financial Compensation (X_1) On Employee Performance (Y)

   The results of the hypothesis test show that the variable Financial Compensation (X_1) has a positive and significant effect on employee performance (Y). Based on the results of the partial test (t test) it can be found that Financial compensation (X_1) has a positive effect on employee performance (Y), which shows the value of the regression coefficient is 0.350 and has a positive sign. . This means that variable Y will increase by 0.350 if the value of variable X2 increases by one unit and the other independent variable is fixed. The positively marked coefficient indicates a unidirectional relationship between the financial compensation variable (X_1) and the employee Performance variable (Y). This is because X1 has a significant level of 0, which is smaller than 0.05 and the value of t which is 3.602 indicates a positive influence on the dependent variable.

2. Effect of non-financial compensation (X_2) on employee performance (Y)

   The results of the hypothesis test show that the non-financial compensation variable (X_2) has a positive and significant effect on employee performance (Y). Based on the results of the partial test (t test) it can be found that the non- financial compensation (X_2) has a positive effect on employee performance (Y), which shows the value of the regression coefficient is 0.187 and has a positive sign. This means that variable Y will increase by 0.187 if the value of variable X2 increases by one unit and the other independent variable is of a fixed value. The positively marked coefficient indicates a unidirectional relationship between the non- financial Compensation variable (X_2) and the employee Performance variable (Y). This is because X2 has a significant level of 0.025, which is smaller than 0.05 and the value of t which is worth 2.331 indicates that the effect given is positive on the dependent variable.

5 Conclusions

This research is carried out to determine the effect of financial compensation (X_1), non-financial compensation (X_2) on employee performance (Y).

The resulting conclusions are as follows:

1. Financial compensation (X_1) has a positive and significant effect on employee performance (Y). This shows that the financial Compensation variable (X_1) with a significant value of 0.001, Because it is below the indicated significance value of 0.05 the better the financial Compensation information value (X_1).
2. Non-financial compensation (X_2) has a positive and significant effect on employee performance (Y). This shows that the non-financial Compensation variable (X_2) with a significant value of 0.025, because it is below the indicated significance value of 0.05, the better the value of non-financial Compensation information (X_2).

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