



## Analysis of Employee Performance Through Compensation: Literature Review

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### ARTICLE INFO

#### Article history:

Received, 2024-01-30

Accepted, 2024-02-17

Published, 2024-02-28

#### Kata Kunci:

kompensasi, Kinerja Karyawan, Hubungan

#### Keywords:

Compensation, Employee Performance, Relationships

#### About Article



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### ABSTRAK

Dalam suatu perusahaan sumber daya manusia sangatlah penting demi berjalannya tujuan dalam perusahaan. Didalam perusahaan kompensasi dianggap sebagai salah satu faktor utama yang mempengaruhi kinerja atau produktifitas karyawan. Penelitian ini menggunakan metode deskriptif dimana dikumpulkan melalui jurnal ilmiah. Seluruh jurnal bersumber pada Sinta, Google Scholar dan Garuda. Hasil penelitian menunjukkan bahwa terdapat hubungan positif dan signifikan antara kompensasi dengan kinerja karyawan. Berdasarkan teori, artikel yang relevan dan pembahasan maka dapat dirumuskan hipotesis untuk riset selanjutnya ialah Kompensasi berpengaruh positif terhadap kinerja pegawai.

### ABSTRACT

*In a company, human resources are very important for the achievement of company goals. In companies, compensation is considered one of the main factors that influence employee performance or productivity. This research uses a descriptive method which is collected through scientific journals. All journals are sourced from Sinta, Google Scholar and Garuda. The research results show that there is a positive and significant relationship between compensation and employee performance. Based on theory, relevant articles and discussions, a hypothesis for further research can be formulated, namely that compensation has a positive effect on employee performance.*

## 1. INTRODUCTION

Compensation is divided into two groups, namely compensation in financial form and compensation in non-financial form. According to Panggabean (2004, p.76), financial compensation is direct compensation received by employees consisting of salary, allowances and incentives. Salary is a reward that is paid to employees on a regular basis, such as annually, quarterly, monthly or weekly. Meanwhile, non-financial compensation. According to Sutrisno (2009), non-financial compensation is compensation that cannot be felt directly by employees. Non-financial compensation is provided by the company as an effort by the company to improve the welfare of its employees. Non-financial compensation can be in the form of praise from leaders, facilities provided by the company, the company's work environment. A successful company cannot be separated from the performance of the employees who work for the company. According to Mangkunegara (2009, p. 67), performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Apart from that, according to Sdermayanti (2011, p. 260), performance is the result of an employee's work, a management process as a whole, where the results of that person's work must be able to be demonstrated in concrete and measurable ways. According to Mangkunegara (2011), performance is the result of work in quality and quantity achieved by an employee by carrying out his duties in accordance with the responsibilities given to him. Increasing employee performance can be realized by providing maximum compensation and work attitudes, as well as other aspects that can influence performance. Sastrohadiwiryo in Sinambela (2018:218) states that: "Compensation is compensation for services or remuneration provided by an organization to its workers because these workers have contributed energy and thoughts for the progress of the organization in order to achieve the goals that have been set." is one

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way that companies can provide rewards to employees. Compensation can increase or decrease employee performance. Providing compensation to employees needs to get more attention by the company. Compensation must have a strong basis, be true and fair. If compensation is felt to be unfair, it will cause employees to feel disappointed, so that good employees will leave the company. Therefore, in order to retain good employees, the compensation program is created in such a way that potential employees will feel appreciated and are willing to stay in the company (Muljani, 2002). According to Rivai (2009:741) Compensation is something that employees receive as a replacement for their service contribution to the company. Providing compensation is one of the implementation functions of HRM which is related to all types of individual rewards in exchange for carrying out organizational tasks. Mathis and Jackson (2009:419) define "Compensation is an important factor that influences how and why people work in one organization and not another." Compensation is a broad term related to the rewards received by employees. According to Simamora (2004) the terminology in compensation is as follows: Wages and salaries, incentives, allowances, facilities. In general, the aim of compensation management is to help the company achieve the company's strategic success goals and ensure the creation of external and internal justice. According to Veithzal (2004) the objectives of effective compensation management are: obtaining quality human resources, retaining existing employees, ensuring fairness, rewarding desired behavior, controlling costs, following legal regulations, facilitating understanding, and increasing administrative efficiency. Determining compensation according to Martoyo (1998) are as follows: (a) According to performance, providing compensation in this way directly links the amount of wages to the work performance that has been demonstrated by the employee. The more accomplished an employee is, the greater the compensation they receive; (b) According to length of work, the amount of compensation is based on the length of time the employee has completed work at the company. The faster an employee completes the work, the greater the compensation received. (c) According to seniority, compensation in this way is based on the employee's length of service or seniority. The basic premise is that senior employees show more loyalty to where they work. The more senior, the higher the loyalty to the organization and the greater the compensation that will be given; (d) According to needs, determining compensation in this way is based on the level of urgency of the employee's needs for a decent living.

## 2. METHOD

This research uses a descriptive method using (literature review) literature review. Data was collected from scientific journal sources. The type of data used is secondary data. The scientific journals used are sourced from Sinta, Google Scholar. The first definition was conveyed by Etna Widodo Muchtar (2000) who said that research using descriptive methods is a research method used to clarify social phenomena through various research variables that are related to each other. Through his book, Sukmadinata (2006) explains that the definition of research using descriptive methods is the characteristics of research that specifically reveals various social and natural phenomena that exist in life. The next opinion comes from Hidayat (2010) who explains that descriptive method research is research that is broader in the use of data. The meaning of "broad" in this case means that it tends to be a long analysis from beginning to end. The library sources will be classified to answer the problems found. Next, it will be interpreted according to the theories and concepts used, then conclusions will be drawn so that it is able to answer the main discussion in research analyzing the influence of development and training, work environment, leadership style, motivation on employee performance. As a form of research, the main aim of descriptive method research is to explain and describe a phenomenon or event carefully. So the descriptive method in research activities then has a number of criteria.

## 3. HASIL DAN PEMBAHASAN

Based on journal literacy, it was found that compensation has a big influence on improving employee work. Compensation has a positive and significant effect on employee performance. The better/satisfied employees are with the compensation they receive from the company, the more their performance will increase. On the other hand, the worse the compensation provided, the lower the employee's performance will be. Consistent with the results of previous research by Widodo (2007) which proves that there is a significant simultaneous and partial influence of financial compensation and non-financial compensation on employee performance. In accordance with the theory expressed by Mangkuprawira (2004) which states that if compensation is managed well, it will help the company to achieve its goals and obtain, maintain and look after employees well. Simamora (2004) said that financial compensation is important for employees, because with this compensation they can meet their needs directly, especially their physiological needs. If the compensation system is implemented fairly and competitively by the company, employees will maintain their position in the company or in other words,

employees will want to continue working for the company. As a consequence, employees will compete to show their best performance, because companies will only hire employees who perform well. Employees will be motivated to excel and improve their performance.

In research entitled 'The Effect of Compensation on Employee Performance at PT. Kopanitia' Financial compensation has a positive and significant influence that is more dominant than non-financial compensation on employee performance at PT. Kopanitia. This is explained in Table 5 which states that the calculated t value of the financial compensation variable (X1) has a value of 2.284 and that of the non-financial compensation variable (X2) is 2.126. The results obtained show that the higher the calculated t value, the variable has a more dominant influence compared to the other variables studied. Thus, the third hypothesis which states that there is a more dominant positive and significant influence between financial compensation and non-financial compensation is proven.

#### **4. KESIMPULAN**

In a company, human resources are very important for the achievement of company goals. In companies, compensation is considered one of the main factors that influence employee performance or productivity. This research uses a descriptive method which is collected through scientific journals. All journals are sourced from Sinta, Google Scholar and Garuda. The research results show that there is a positive and significant relationship between compensation and employee performance. Based on theory, relevant articles and discussions, a hypothesis for further research can be formulated, namely that compensation has a positive effect on employee performance.

#### **5. UCAPAN TERIMAKASIH**

Ucapan terima kasih ditujukan kepada orang saya yang telah mendukung saya terus dan terimakasih kepada dosen yang membimbing menyelesaikan tugas ini.

#### **6. REFERENSI**

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