



The Effect Of Compensation On Employee Performance At Pt. Erajaya Swasembada TBK

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ABSTRACT

This study aims to determine the effect of compensation (X) on employee performance (Y) at PT.Erajaya Swasembada Tbk. data collection was carried out by distributing questionnaires to 35 respondents of PT.Erajaya Swasembada Tbk employees in the sales / promoter section. Data analysis used in this research is Quantitative analysis and Qualitative analysis, with simple linear regression test. Based on the results of the study, it shows that there is an influence of compensation on employee performance at PT.Erajaya Swasembada Tbk,. This is indicated by the results of the regression coefficients having a positive value, namely (0.411) with the Simple Linear Regression equation $Y = 14.502 + 0.411X$ where if the independent variable (Compensation) increases by 1% then the dependent variable (Performance) also increases by 0.411%. and also vice versa. This states if the compensation variable partially has an influence on employee performance at PT.Erajaya Swasembada Tbk, And the results of this study indicate that compensation has an influence on employee performance by 29% while the remaining 71% is influenced by other factors not explained in this study.

INTRODUCTION

As the business world advances today, very intensive competition occurs in all sectors and encourages business people to work extra to achieve the desired goals. The higher the level of competition requires a company to maximise its employees. the more weighty the HR in a company, the higher the company's competitors will be. HR plays an important role in a company, so good HR management will help drive an organisation in achieving goals. In achieving a company's goals, it does not only depend on complete infrastructure but also must pay attention to the quality and quantity of human resources owned by a company, so that the company's main goal can be achieved, namely to obtain maximum profit. PT Erajaya Swasembada, Tbk is a company that operates in the retail sales sector which has a lot of work and company targets that must be achieved, so the company must have human resources who are proficient and skilled in their fields and have high performance. Human resource

management considers that employees are a production factor that must be used productively. One form of attention of a company in the welfare of its employees is to provide compensation in accordance with their performance in a company to meet their needs. Because employees are important assets of the company, so they must be taken care of properly. The company wants workers who have a high spirit at work and there is a willingness to work responsibly and have good performance.

Those who consider work not only as a source of income, but also as an opportunity to grow and develop, make a meaningful contribution to the company. The standard for improving the quality of human resources in the company is motivation to perform, which inspires a person to work beyond the skills previously demonstrated. Employees who have high work enthusiasm will work with full dedication and responsibility for their obligations as employees. People who work aim so that they can live from the results of their labour. Their desire to work is because they think that if they work they will get compensation which is a source of income in fulfilling their needs.

Employees as human resources, have an important role in national development. employees are the main actors of development in realising a good standard of living and welfare for many people. So that efforts in protecting employees from risks that arise while working are primary needs, with this protection we hope that employees can work safely and comfortably, so that they can maximise work effectiveness.

According to Arifudin (2019: 184) The compensation scheme basically has a goal for the needs of the company, employees and government and even the general public so that something that is aimed at can be realised and provide happiness for all groups, the compensation scheme should be determined based on the principles of fairness and reasonableness, labor law and pay attention to internal and external harmony. According to Enny (2019: 37) compensation can be interpreted as a form of compensation allocated to employees as a form of appreciation for their participation and work for the company.

The compensation provided can be in the form of money or awards given to employees either directly or indirectly. Meanwhile, according to Puspitasari (2022: 45) compensation is all forms of income in the form of money, goods, both directly and indirectly given to employees for their contribution to the company. PT.Erajaya Swasembada Tbk is the largest gadget and electronics retail company in Indonesia. With various gadget brands that are distributed and retailed by the company including Apple, Samsung, Xiaomi, Oppo, Vivo and others, besides that the Company also distributes and sells postpaid & prepaid cards, and various mobile phones and accessories.

The company runs its retail outlets with various brands, such as Erafone Megastore, Erafone Gadget Store which retails products of all brands such as, iBox which retails Apple products in particular, Samsung outlets by Nasa which retails Samsung products in particular, Xiaomi outlets which retail Xiaomi products in particular. Employee performance is the result of work that can be achieved by an individual or group of people within a company in accordance with the provisions and responsibilities of each employee in an effort to achieve company goals officially, not violating the law and not contrary to the system of values, morality and ethics (Afandi, 2018: 83).

LITERATURE REVIEW

Definition OF Compensation

Compensation has a very broad meaning than salary or wages. Salary or wages emphasise more on financial rewards or rewards, while compensation includes both financial and non-financial rewards. compensation is the provision of rewards or rewards, either directly in the form of money (financial) or indirectly in the form of rewards (non-financial). Compensation is given with the aim of encouraging and motivating employees to improve their abilities and

performance in a company, where in general humans work to get financial rewards and are also supported by various other compensations to encourage employee morale in achieving company goals.

Compensation must be given fairly so that there is no social gap between employees in accordance with the tasks carried out by each employee, with fair compensation it is also important for companies to maintain and attract quality human resources. According to Hasibuan (2017: 119) Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company.

The establishment of an effective compensation system is an important part of human resource management because it helps attract and retain talented workers and retain talented workers. In addition, the compensation system has an impact on the company's strategic performance. Compensation is a direct or indirect reward or reward, financial or non-financial, which is fair and appropriate to employees, in return or their contribution / service to the achievement of company goals. (Marwansyah, 2016: 269) According to Widodo (2014: 160) Compensation is a part of reward or reward that is only related to the economic part, but after the belief that individual behaviour has an influence from a wider spectrum system, compensation is inseparable from the rewards provided by the organisation. Sinambela (2016: 269) also says that compensation is the sum of all gifts that the organisation gives to employees in return for their services.

Meanwhile, according to Kasmir and Jakfar (2012: 177) states that compensation is an award or reward received by workers or employees for their contribution in realising company goals. So, compensation is a measure of the value or work of employees received through compensation for their participation in achieving company goals in financial and non-financial forms.

Providing compensation can improve work performance and motivate employees, so the attention of the organisation or company to rational and fair compensation arrangements is very necessary. If compensation is inadequate, their work performance, motivation and job satisfaction tend to decrease.

Definition Of Employee Performance

Every human being has various abilities to carry out various activities. Humans gain the ability to act through the learning process or naturally (from birth). Although humans have the potential to behave in certain ways, this behaviour only occurs at certain times. The ability to do something certain is called ability, while the result of that ability is called performance. According to Mangkunegara (2013: 67) Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given. According to Edison et al., (2017: 188) Performance is the result of a process that refers to and is measured over a certain period of time based on predetermined provisions and agreements. According to Arisanti (Ramdhani, 2011: 18) Performance is the willingness of a person or group of people to carry out activities and perfect them according to their responsibilities with the results as expected. Performance is performance or for work.

Performance is the result of work that can be achieved by a person or group of people in a company in accordance with their respective authorities and responsibilities in an effort to achieve organisational goals illegally, not against the law and not against morals and ethics (Afandi, 2018: 83). Meanwhile, according to Rivai (2012: 309), performance is the real behaviour that each person displays as a work achievement produced by employees in accordance with their role in the company.

Employee Performance Factors

Company or office leaders are well aware that there are differences in performance between one employee and another under their supervision. Although employees work in the same section, their productivity may not be the same.

The explanation of the above performance formulation is as follows:

Ability Factor (Ability)

Psychologically, ability consists of potential ability and reality ability. This means that leaders and employees with adequate education for their positions and skilled in doing their daily work, it will be easier to achieve maximum performance.

Motivation Factor (Motivation)

Motivation means an attitude of leaders and employees towards the work situation of their organisational environment. Those who are positive about the work situation will show high work motivation and vice versa if they are negative about the work situation will show low work motivation. According to Sofia (Mangkunegara, 2011: 16) the factors that affect employee performance are actually a combination of the views of schopenhauer's heredity theory and wiliam stern's convergence theory, the factors that determine individual work performance are internal factors and external factors.

Internal Factors

Factors associated with human traits. For example, a person's performance is good because he has high abilities and a person is a hard worker. whereas someone has poor performance because the person has low abilities and the person has no effort to improve his abilities.

External Factors

Factors that affect performance come from the environment such as the behaviour, attitudes, and actions of co-workers, subordinates or leaders, facilities, and organisational climate.

Employee Performance Appraisal

According to Certo in Novia et al (2021: 7) analysing the results of the work displayed towards achieving the objectives of the management system and the process of tracing the personal activities of personnel at a certain time is called performance appraisal. Some of the things that cause the importance of performance are:

1. The opportunity to develop work abilities as much as possible is the desire of every working individual.
2. When carrying out the work as well as possible, individuals also want to get achievements and awards.
3. Everyone also wants to get their performance appraisal done in an objective way.
4. Therefore, for human resource development, performance appraisal is very important in an organisation. We will also see, some benefits of performance appraisal, namely:
5. Performance Improvement.
6. Performance appraisals can be used as feedback for employees, managers and human resource departments to improve employee performance.
7. b. Compensation Adjustment
8. In determining wage increases, bonuses and various forms of compensation, performance appraisals can be used as indicators for decision makers.
9. Placement Decisions
10. Performance appraisals can also be used as a basis for promotions, transfers and demotions.

11. Training and Development Needs
12. Every employee should be able to develop themselves because poor performance indicates that employees need training and development.
13. Career Development Programme
14. The decision-making process on the career specificity of employees can be assisted by performance feedback.
15. Staffing Process Deviations
16. The strengths and weaknesses of the staffing process in an organisation or company can be reflected in good or poor performance.
17. Information Inaccuracies
18. HR plans, job analysis information or matters related to the human resource management system are measures of poor performance appraisal.
19. Job Design Errors
20. Incorrect job design is a symptom of poor performance appraisal.
21. Equal Employment Opportunity
22. Internal placement decisions can be made without distinction if performance appraisals are accurate.
23. External Challenges
24. Health factors, financial conditions are factors outside the work environment that can affect performance appraisals.

METHODS

In quantitative research, data analysis is an activity after data is collected from all sources (Sugiyono, 2016: 147). Data analysis methods in quantitative research use statistics. And in this study used descriptive statistics. descriptive statistics in this study in general is the process of changing research data in the form of tabulation so that it is easy to understand when interpreted.

Simple Linear Regression Analysis

According to Sugiyono (2016: 260) simple linear regression analysis is used to measure how much influence or linear relationship between the independent variable and the dependent variable. Simple linear regression testing is also used to empirically test the effect of Compensation on Employee Performance. The equation used in this study is as follows:

$$Y = a + bX$$

Description:

Y = Dependent Variable Namely Employee Performance

a = Constant, namely the intersection point of the curve against the Y axis

b = Regression coefficient, namely the slope of the linear curve

X = Independent variables, namely Compensation

RESULTS

Table 1 Data Presentation Respondents Based on Gender

Jenis Kelamin	Jumlah Responden	
	Frekuensi	Persentase (%)
Laki-laki	18	51%
Perempuan	17	49%
Total	35	100%

Based on Table 4.1, respondents in this study, seen from gender, there were 18 male respondents or 51%, and 17 female respondents or 49%.

Table 2 Data Presentation Respondents Based on Age

Respondent age	total Respondent	
	Frequency	Persentase (%)
17	1	3%
18	2	6%
19	3	9%
20	4	11%
21	1	3%
22	2	6%
23	4	11%
24	5	14%
25	5	14%
27	4	11%
29	4	11%
Total	35	100%

Based on the data from Table 4. 2 can be explained if the respondents who are 17 years old are 1 resource person (3%), 18 years old are 2 sources (6%), 19 years old are 3 sources (9%), 20 years old are 4 sources (11%), 21 years old are 1 source (3%), 22 years old, 2 informants (6%), 23 years old, 4 informants (11%), 24 years old, 5 informants (14%), 25 years old, 5 informants (14%), 27 years old, 4 informants (11%), and 29 years old, 4 informants (11%).

Table 3 Data Presentation Respondents Based On Position In Job

Position in the Respondent's Job	Total Respondent	
	Frequency	Persentase (%)
SPV	1	3%
ERO/Promotor	34	97%
Total	35	100%

Based on the perceptions of 35 respondents on variable X (compensation). In variable X.1 strongly agree, there are 17 sources (49%). Agree amounted to 15 sources (43%). Neutral amounted to 3 sources (9%). Disagree amounted to 0 sources (0%). And strongly disagree amounted to 0 sources (0%).

In variable X.2 strongly agree amounted to 20 sources (57%). Agree amounted to 10 sources (29%). Neutral amounted to 5 sources (14%). Disagree amounted to 0 sources (0%). And strongly disagree amounted to 0 sources (0%). In variable X.3 strongly agree amounted to 14 sources (40%). Agree amounted to 12 sources (34%). Neutral amounted to 7 sources (20%). Disagree amounted to 2 sources (6%). And strongly disagree amounted to 0 sources (0%). In variable X.4 strongly agree amounted to 10 sources (29%). Agree amounted to 14 sources (40%).

Neutral amounted to 8 sources (23%). Disagree amounted to 3 sources (9%). And strongly disagree amounted to 0 sources (0%).

In variable X.5 strongly agree amounted to 15 sources (43%). Agree amounted to 10 sources (29%). Neutral amounted to 9 sources (26%). Disagree amounted to 1 source (3%). And strongly disagree amounted to 0 sources (0%). In variable X.6 strongly agree amounted to 13 sources (37%). Agree amounted to 11 sources (31%). Neutral amounted to 10 sources (29%). Disagree amounted to 1 resource person (3%). And strongly disagree amounted to 0 sources (0%). And in variable X.7 strongly agreeing amounted to 16 people (46%). Agree amounted to 13 sources (37%). Neutral amounted to 6 sources (17%). Disagree amounted to 0 sources (0%). And strongly disagree amounted to 0 sources (0%).

Simple Linear Regression Test

Simple Linear Regression is used for one independent variable and one dependent variable, which aims to predict the value of the dependent variable which is influenced by the independent variable. To determine the simple linear regression equation, value a and value b are required. Where to find the value of a and the value of b aims to obtain a Simple Linear Regression equation to predict the value of the dependent variable whether the value of the independent variable has increased or decreased.

The formula used is as follows:

$$a = \frac{(\sum Y)(\sum X^2) - (\sum X)(\sum XY)}{n\sum X^2 - (\sum X)^2}$$

$$b = \frac{n\sum XY - (\sum X)(\sum Y)}{n\sum X^2 - (\sum X)^2}$$

Determining the Value of a

$$\begin{aligned} a &= \frac{(\sum Y)(\sum X^2) - (\sum X)(\sum XY)}{n\sum X^2 - (\sum X)^2} \\ &= \frac{(929)(30802) - (1026)(27531)}{35 \times 30802 - (1026)^2} \\ &= \frac{28615058 - 28246806}{1078070 - 1052676} \\ &= \frac{368252}{25394} \\ &= 14,502 \end{aligned}$$

Determining the Value of b

$$\begin{aligned}
 b &= \frac{n\sum XY - (\sum X)(\sum Y)}{n\sum X^2 - (\sum X)^2} \\
 &= \frac{35 \times 27531 - (1026)(929)}{35 \times 30802 - (1026)^2} \\
 &= \frac{963585 - 953154}{1078070 - 1052676} \\
 &= \frac{10431}{25394} \\
 &= 0,411
 \end{aligned}$$

From the above calculations, the overall Simple Linear Regression equation is as follows:

$$\begin{aligned}
 Y &= a + bX \\
 Y &= 14,502 + 0,411X
 \end{aligned}$$

The results of the simple linear regression equation in this study as a whole show the following interpretation results:

1. The constant value obtained is 14.502, meaning that if the independent variable is 0 (constant), then the dependent variable is worth 14.502.
2. The coefficients regression value of the compensation variable is positive on employee performance of 0.411, which means that if the independent variable increases by 1%, the dependent variable will also increase by 0.411%. and vice versa. This shows that compensation affects employee performance.

DISCUSSION

The results showed that if there is an effect of compensation on employee performance at PT.Erajaya Swasembada Tbk,. This is indicated by the results of the regression coefficients having a positive value, namely (0.411). This states if the compensation variable partially has an influence on employee performance at PT.Erajaya Swasembada Tbk, in other words H_a is accepted and H_o is rejected.

This means that simultaneously (simultaneously) the independent variables consisting of compensation (X) have a simultaneous influence on the variable terikiat namely employee performance (Y).

CONCLUSION AND SUGGESTIONS

Based on the results of data processing and analysis in this study, conclusions can be drawn on 'the effect of compensation on employee performance at pt erajaya swasembada tbk,' namely: There is an influence between compensation on employee performance at pt.erajaya swasembada tbk which can be seen from the simple linear regression equation $y = 14.502 + 0.411x$ where if the independent variable (compensation) increases by 1% then the dependent variable (performance) also increases by 0.411%. And also vice versa.

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