

## Influence of Financial Compensation on Employee Performance at PT. Bank BTPN, Padang City

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### Article Information

Received: March 04, 2024

Revised: March 12, 2024

Online: March 13, 2024

### ABSTRACT

Subtle skills relate to each person's ability to communicate and behave with others. These abilities include the ability to communicate, provide a variety of solution options, and decide on the best solution (Melati, 2023).

This is the method that PT BANK BTPN Kota Padang needs to get a workforce that can help the growth and progress of the company. Based on the previous background, the author tries to examine how to improve compensation in labor management that can help the operations of PT BANK BTPN Kota Padang. The author examines this problem with the title "The Effect of Financial Compensation on Employee Performance".

This research uses the case study method to collect data and obtain the necessary information. This research also collected data by making direct visits to the research location and reading a number of books and scientific articles related to the issues discussed.

Since  $H_0$  is rejected and  $H_a$  is accepted, the results show that compensation (X) has a significant impact on employee performance. It is suspected that compensation affects the performance of employees of PT Bank Btpn Kota Padang. This hypothesis is accepted as there is a positive correlation between employees' compensation and their performance at work.

The PT Bank BTPN Kota Padang workers' financial pay has a big impact on how well they work. This suggests that workers are more likely to be driven and committed to completing their tasks when they believe their pay is commensurate with the amount they provide.

**Keywords:** Compensation, Employee Performance

### 1. Introduction

The issue of workforce compensation has become a national concern since the 1980s. In efforts to enhance work productivity, the year 1996 was recommended as the national productivity year. Improving employee work productivity is the responsibility of every company. Through their leaders, institutions strive vigorously and in various ways to maximize employee potential to achieve predetermined goals. Regarding the enhancement of employee work productivity, it is not only profit-seeking institutions that are involved, but also organizations that provide services to the public.

Overcoming the emerging issues that must be faced at present includes the absence of qualification standards for specific skills, making it very difficult to find suitable workers to fill available vacancies.

Work skills encompass the abilities, skills, and knowledge possessed by an individual. There are two types of skills: hard skills vs. soft skills. Hard skills are specific skills or knowledge required for a job, such as understanding OSI Layer 7 standards, IP subnetting, routing, switching, and so on. Soft skills relate to each person's ability to communicate and behave when interacting with others, such as communication skills, providing various solution options, and deciding on the best solution (Melati, 2023).

To enhance work productivity, there needs to be an improvement in employee work skills. Work skills consist of workplace skills, personal skills, and technical skills (Kosmos, 2024). Workplace skills include operating equipment, communicating, and others. Personal skills include analyzing, modifying, and creating. Technical skills include operating computer devices, repairing various electronic devices, and others (Melati, 2023).

To address the emerging issues, it is necessary to standardize the job competencies of each individual, which include skills and work attitudes that align with established standards (Tisara, 2021). Formal education, courses, company training, or certifications are also needed to improve technical skills (Melati, 2023). Direct observation of task execution processes is also necessary to assess practical skills.

In enhancing work productivity, employee skills development through training, courses, and certifications is essential. Direct observation of task execution processes is also necessary to assess practical skills. By doing all of these, employee work productivity will increase, and the organization will become more effective and efficient.

To address these issues, a leader or a part of the top management, particularly the HR manager, needs to understand the meaning and functions of Human Resource Management to achieve effectiveness and efficiency in utilizing proportional labor. HR management is also responsible for developing employee skills through training, courses, and certifications, as well as assessing employees' practical skills through direct observation. By doing all of these, employee work productivity will increase, and the organization will become more effective and efficient.

To enhance effectiveness and efficiency in utilizing proportional labor in a company, a leader or a part of the top management, particularly the HR manager, needs to understand the meaning and functions of HR management. By understanding these functions, HR managers can develop employee skills that align with the company's needs, ensure a conducive company environment, and effectively manage human resources (Ananda, 2022).

A good education and training system is one of the government's efforts to contribute to improving employee productivity. By establishing training centers, the government can facilitate employees in developing their skills and knowledge. This will help employees enhance effectiveness and efficiency in performing their tasks. Another aspect to consider in improving productivity is the involvement of all members within the institution. This cannot be achieved if it is only focused on specific areas. Every manager should be consciously involved in the task of enhancing the effective use of labor. Managers must understand that the workforce is the most valuable and limited resource, and its effective and

efficient utilization will help the company achieve its business goals. If the workforce is ineffective, it will lead to the ineffective and inefficient use of resources.

To improve productivity, managers must develop employee skills through training, courses, and certifications. By doing all of these, employee work productivity will increase, and the organization will become more effective and efficient. In enhancing productivity, the role of management in creating a conducive work environment should also be considered. Managers must ensure a safe, comfortable, and conducive work environment. With a good work environment, employees will be more thoughtful and focused on performing their tasks.

By doing all of these, managers can help the company improve employee work productivity and become more effective and efficient in achieving its business goals. It is clear that the utilization of human resources in improving productivity is a systemic issue because many aspects of work and office activities have consequences for productivity improvement. In connection with this, as an institution in this area, PT BANK BTPN Kota Padang has also played a role in providing services to the community, especially in financial matters and other needs.

What PT BANK BTPN Kota Padang needs is ways to acquire a workforce that can achieve excellence to support the continuity and development of PT BANK BTPN Kota Padang's life. Based on the previous background, the author endeavors to explore how to improve compensation in managing human resources that can support operations at PT. BANK BTPN Kota Padang, under the title "The Influence of Financial Compensation on Employee Performance at PT. BANK BTPN Kota Padang."

## 2. Materials and Method

The data collection and necessary information for this research were obtained using the case study method and collecting data through research by conducting direct reviews of several books and scholarly articles closely related to the discussed issue, as well as making direct visits to the designated research sites.

Data sources in the research include primary data obtained directly from the company through observation and interviews, as well as secondary data derived from the company in the form of documentation and periodically written reports. To test the hypotheses proposed in this research, descriptive analysis, comparison, effectiveness, and regression analysis methods were used. The data analysis technique employed in the research is simple linear regression analysis. This analysis is used in production to make predictions about characteristics and quantities.

$$Y=a+bX$$

NOTE:

Y = dependent/response variable

X = independent/predictor variable

a = constant

b = regression coefficient (slope) representing the amount of response caused by the predictor

### 3. Result

### Respondent Description

**a. Age**

Age	f	
	Person	%
25 – 31	16	50
34 – 38	8	25
40 – 50	8	25
Total	32	100

### b. Education

Education	f	
	Person	%
D3	2	6,3
S1	27	84,4
S2	2	6,3
SMA	1	3,1

### c. Year of Service

Year of Service	f	
	Person	%
1 – 8	22	69
10 – 30	10	31
Total	32	100

### Variabel Description

The aim of this research, as outlined in the previous chapter, is to determine the influence of financial compensation on employee performance at PT. Bank BTPN, Padang City.

The results indicate that questionnaire filling technique was used to gather data from 32 respondents. To identify the condition of the research variables, variable descriptions were used. Furthermore, the responses of each respondent to each variable are described as follows :

### a. Description of the Compensation Variable (X) and Calculation of Independent Variable Scores

Statement response	Strongly agree		Agree		Disagree		Don't agree		Strongly disagree		Score
	f	%	f	%	f	%	f	%	f	%	
X1.1	15	46,9	17	53,1	0	0	0	0	0	0	143
X1.2	5	15,6	16	50	7	21,9	4	12,5	0	0	118
X1.3	15	46,9	14	43,8	3	9,4	0	0	0	0	140
X1.4	4	12,5	13	40,6	8	25	7	21,9	0	0	110
X1.5	12	37,5	13	40,6	2	6,3	5	15,6	0	0	128
Average											127,8

**b. Description of employee performance variables (Y) and calculation of dependent variable scores**

Statement response	Strongly agree		Agree		Hesitant		Don't agree		Strongly disagree		Score
	f	%	f	%	f	%	f	%	f	%	
X1.1	25	78,1	5	15,6	2	6,3	0	0	0	0	151
X1.2	10	31,3	15	46,9	6	18,8	1	3,1	0	0	130
X1.3	7	21,9	8	25	15	46,9	1	3,1	1	3,1	115
X1.4	21	65,6	10	31,3	10	31,1	0	0	0	0	148
X1.5	26	81,3	5	15,6	1	3,1	0	0	0	0	153
Average											139,4

#### 4. Discussion

Based on the calculations and analysis above, the regression equation obtained is :

$$Y = 2.527 + 0.458X$$

According to the regression equation, it can be concluded that besides the factors examined by the researcher at PT. Bank BTPN, Padang City, there are other factors that influence employee performance.

The validity test results indicate that all calculated r values are greater than the r table  $n-2 = 30$  (0.349) at a significance level of 5%. This indicates that each question item or indicator of work discipline and employee performance correlates with its total score. Additionally, the collected data is deemed valid and ready to be tested at PT. Bank BTPN, Padang City.

The reliability test results indicate that all statements in the questionnaire are reliable if the Cronbach's alpha value is greater than 0.6, as stated.

The influence of compensation on employee performance is 29.3%, according to the coefficient of determination above, and the R Square value of 0.293 indicates that other variables not included in this study affect 70.7% of the total.

There is a possibility that the compensation variable (X) positively influences employee performance by 45.8%, as indicated by the previous t-test results. The regression analysis results show that the calculated t value of 3.524 is greater than the tabulated t value of 2.042, and the significance value (sig) of 0.001 is lower than 0.05. Thus, compensation (X) has a significant impact on employee performance because  $H_0$  is rejected and  $H_a$  is accepted. It is suspected that the performance of employees at PT. Bank BTPN, Padang City is significantly influenced by compensation. This hypothesis is accepted because there is a positive relationship between compensation and employee performance.

#### 5. Conclusions

Based on the research findings regarding the influence of financial compensation on employee performance at PT. Bank BTPN, Padang City, it can be concluded that the compensation variable has a significant impact on employee performance. This indicates that employees tend to show compliance

in carrying out their tasks and responsibilities in the company when they feel that the compensation system provided to them is commensurate with their contributions and achievements.

- a. The research results indicate that the financial compensation provided to employees at PT. Bank BTPN, Padang City has a significant influence on their performance. This suggests that employees are more motivated and dedicated in carrying out their tasks and responsibilities when they feel that the compensation they receive is proportional to their contributions.
- b. Findings show that there is a connection between employees' commitment to their performance at PT. Bank BTPN, Padang City. This indicates that employees tend to demonstrate a high level of dedication to their work when they feel that the existing compensation system accommodates their needs and contributions fairly.
- c. These findings have important implications for the management of PT. Bank BTPN, Padang City in designing more effective and efficient compensation policies. Management can use these findings as a basis for evaluating and improving their compensation system to enhance employee motivation and performance.
- d. Although this research provides valuable insights, it is important to note that there is still room for further development. Further research may be needed to gain a deeper understanding of the mechanisms and other factors that can influence the relationship between financial compensation and employee performance at PT. Bank BTPN, Padang City.

Thus, these conclusions highlight the importance of effective financial compensation management in supporting employee performance in the corporate environment, while emphasizing the need for further research and understanding in the specific context of the company and industry.

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