



## ANALYSIS OF EMPLOYEE PERFORMANCE DETERMINATION FACTORS

**Hanifah Jasin<sup>1</sup>, Rizkia Roza Fitri<sup>2</sup>**  
Universitas Muhammadiyah Sumatera Utara  
[hanifahjasin@umsu.ac.id](mailto:hanifahjasin@umsu.ac.id)

### *Abstract*

*The purpose of this study was to determine and analyze the effect of compensation on employee performance, to determine and analyze the effect of career development on employee performance and to determine and analyze the effect of compensation and career development on employee performance at PT. Beautiful Clothing. The approach used in this study is an associative approach. The population in this study were all employees of PT. Indah Busana, totaling 60 employees. while the sample that meets the criteria for sampling the observations made is 60 employees using a saturated sample. Data collection techniques in this study used questionnaires and interviews. The data analysis technique in this study uses Multiple Linear Regression Test, Classical Assumption Test, Hypothesis Testing (t Test and F Test), and Coefficient of Determination. The data processing in this study used the SPSS (Statistical Package for the Social Sciences) software program version 24.00.*

**Keywords:** *Compensation, Career Development and Employee Performance*

## 1. INTRODUCTION

Company PT. Indah Busana is a company engaged in textiles. This company has several employees who are placed in various positions along with their duties and responsibilities. Based on the initial data obtained, it is known that every month PT. Indah Busana did not experience a significant increase in revenue and even decreased. This can be seen in the table below:

**Table 1,**  
**Net Income of PT Indah Busana for the period January to April 2019**

No	Month	Amount (Rp)
1	January	226,750,000
2	February	225.540.000
3	March	230,270,000
4	April	224.825.000

(Source PT. Indah Busana, 2019)

From the table above, it can be seen that the income of PT. Indah Busana every month experienced an insignificant increase and decrease. In January 2019 PT Indah Busana had a net income of Rp. 226,750,000, - but in February 2019 PT Indah Busana experienced a decrease in total revenue, which amounted to Rp. 225.540.000,- in the period March 2019 there was an increase, which amounted to Rp. 230,270,000, - while in the April 2019 period PT Indah Busana again experienced a decrease in revenue when compared to March 2019, which amounted to 224,825,000,-.

There is an increase and decrease in income at PT. Indah Busana certainly cannot be separated from the performance of its employees. Therefore PT. Indah Busana with various characters and conditions of employees, to unify the vision, mission and goals, the company must be able to understand the human resource factors that affect employee performance improvement.



As the researchers mentioned above that the compensation factor is one of the causes that can make the performance of employees up and down in a company. From the results of the initial data that the researchers got, compensation at PT Indah Busana consists of financial compensation in the form of basic salary and bonuses, meal allowances, holiday allowances, employee and family health insurance (wife/husband and 2 children), overtime/holiday replacement, annual leave, as well as special employee parking facilities. Meanwhile, the non-financial compensation provided is related to self-development consisting of training and development programs, awards related to the work environment in the form of pleasant work relatives and a comfortable work environment, The training provided is on the job training and in terms of self-development, employees are given the opportunity to develop and be promoted if they meet the requirements and criteria. Awards are also given to employees who excel and employees who have had a long service period, the award is included in self-development.

**Table 2.**  
**Total Monthly Income of Employees of PT. Beautiful Dress**

o	Position	Compensation	
		Wages	Allowance ( Down payment )
	Manager	3,500,000	375,000
	Supervisor	2,700,000	300,000
	Administration	2,000,000	250,000
	Receptionist	2,000,000	250,000
	Production department	2,000,000	250,000
	Marketing	2,300,000	250,000
	Cleaning service	1,800,000	200,000

(Source: PT Indah Busana, 2019 )

Based on the table above, there are still employee salaries that are below the UMK (Regency/City Minimum Wage). Because the UMK (Regency/City Minimum Wage) in Medan as published by the Governor of North Sumatra, the Medan District/City Minimum Wage is Rp. 2,969,824. This condition certainly has an impact on the low performance of employees, considering that the salaries and income earned by employees may not be able to meet and cover the needs of employees.

## 2. RESEARCH METHODS

This research approach is associative research. The operational definition is how a variable is measured to determine whether the measurement is good or bad from a study. In this study the operational definitions are: Employee Performance Variable (Y), Compensation Variable Indicator (X1) AND Career Development Variable (X2) Population is the total number of research objects. The population in this study were all employees at PT Indah Busana, totaling 60 people. Due to the small number of employees in the company, this study did not use sampling. So that the sample in this study is the entire number of employees at PT Indah Busana, totaling 60 people. This is as stated by Arikunto in (Juliandi, 2015) that if the total population is below 100 then the total population can be taken as a sample. Data collection techniques used are: a list of questions (Questionnaire), study documentation and interviews (Interview). The analysis technique used in this research is multiple linear regression.

### 3. RESULTS AND DISCUSSION

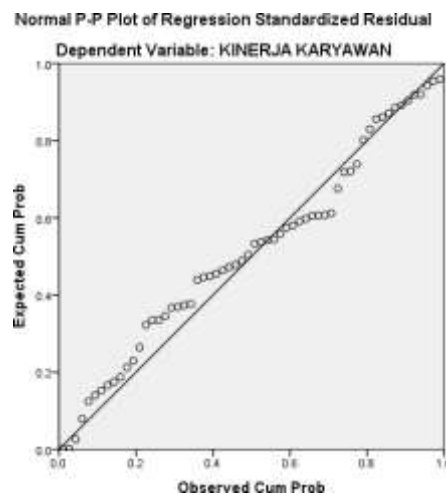
#### Results

##### Classic assumption test

In multiple linear regression known as some classical assumptions of multiple regression or known as BLUE (Best Linear Unbias Estimation). Simple classical assumption test aims to identify whether the regression model is a good model or not. There are several simple classical assumption tests aimed at identifying whether the regression model is a good model or not. There are several tests of these classical assumptions, namely: Normality, Multicollinearity, Heteroscedasticity

##### a. Normality

The normality test of the data is carried out to see whether in the regression model, the dependent and independent variables have a normal distribution or not, if the data spreads around the diagonal line and follows the direction of the diagonal line, the regression model fulfills the assumption of normality.



**Figure 1. Normality**

Based on Figure 1 above, it can be seen that the data spreads along a diagonal line, meaning that the data between the dependent variable and the independent variable has a normal relationship or distribution or meets the normality assumption test.

The multicollinearity test was used to determine whether the regression model found a high correlation between the independent variables, provided that: If the Tolerance  $< 0.1$  or equal to  $VIF > 10$  then there is a serious multicollinearity problem. If Tolerance  $> 0.1$  or equal to  $VIF < 10$ , there is no multicollinearity problem.

With SPSS version 24.00, the following multicollinearity test results can be obtained:

**Table 2. Multicollinearity Test**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Compensation	,691	1,446

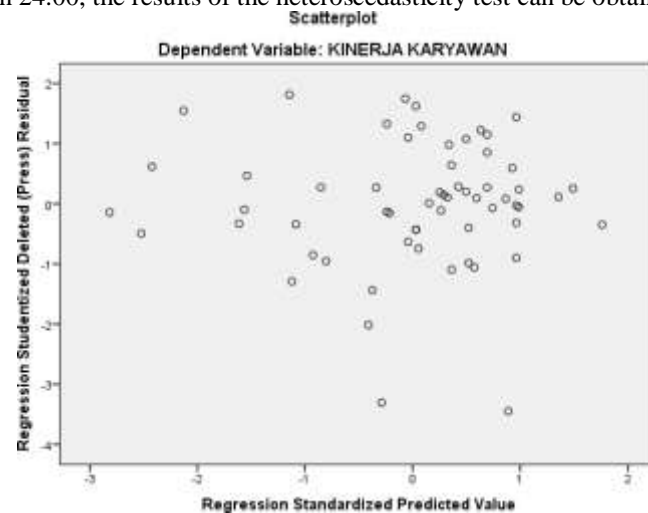


	Career development	,691	1,446
a. Dependent Variable: Employee Performance			

Based on table IV.9 above, it can be seen that the Variance Inflation Factor (VIF) value for the Compensation variable (X1) is 1.446 and the Career Development variable (X2) is 1.446. Each independent variable has a value smaller than the value 10. Likewise, the Tolerance value on the Compensation variable (X1) is 0.691 and Career Development variable (X2) is 0.691. From each variable the tolerance value is greater than 0.1 so it can be concluded that there is no symptom of multicollinearity between the independent variables which is indicated by the tolerance value of each independent variable is greater than 0.1 and the VIF value is less than 10.

Heteroscedasticity test was conducted to determine whether in the regression model there was an inequality of variance from the residual of one observation to another observation. To find out whether or not heteroscedasticity occurred in the regression model of this study, the analysis was carried out using an informal method. Informal methods in heteroscedasticity testing are the graph method and the Scatterplot method. The basis of the analysis is as follows: If there is a certain pattern, such as dots forming a regular pattern, then heteroscedasticity has occurred. If there is no clear pattern and the points spread irregularly, then there is no heteroscedasticity.

With SPSS version 24.00, the results of the heteroscedasticity test can be obtained as follows:



**Figure 2. Heteroscedasticity Test**

From Figure IV.2, it can be seen that there is no clear pattern and the dots are scattered and irregular, so it can be concluded that there were no serious heteroscedasticity symptoms in this study.

### Hypothesis test

#### Partial Test

For t in this study is used to determine the ability of each independent variable in influencing the dependent variable. Another reason for the t-test is to test whether the independent variables individually have a significant relationship or not to the dependent variable (Y). Based on the results of data management with SPSS version 24.00, the results of the t-statistical test are as follows:

**Table 3. t test**



Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.924	4,511		.870	.388
	Compensation	.522	.100	.551	5.216	.000
	Career development	.380	.140	.286	2,703	.009

a. Dependent Variable: Employee performance

Based on table 3 above, it is obtained that the t-count for the compensation variable is 5.216 for an error of 5% for the 2-party test and  $dk = n-2$  ( $60 - 2 = 58$ ), the t table is 2.001. If t count > t table then there is a significant effect between X1 and Y, and vice versa if t count < t table then there is no significant effect between X1 and Y, in this case t-count = 5.216 > t table = 2.001. This means that there is an influence between compensation and employee performance at PT. Beautiful Clothing.

Furthermore, it is also seen that the probability value of t, namely sig is 0.000, while the significant level previously determined is 0.05, then the value of sig is 0.000 < 0.05, so that H0 is rejected, this means that there is a significant effect between compensation and employee performance at PT. Beautiful Clothing.

Based on table IV. 9 above, the t-count for the Career Development variable is 2.703 for an error of 5% for the 2-party test and  $dk = n-2$  ( $60 - 2 = 58$ ), the t table is 2.001. If t count > t table then there is a significant effect between X2 and Y, and vice versa if t count < t table then there is no significant effect between X2 and Y, in this case t-count = 2.703 > t-table = 2.001. This means that there is an influence between Career Development on Employee Performance at PT. Beautiful Clothing.

Furthermore, it is also seen that the probability value of t, namely sig is 0.009, while the significant level previously determined is 0.05, then the value of sig is 0.009 < 0.05, so that H0 is rejected, this means that there is a significant influence between Career Development on Employee Performance at PT. Beautiful Clothing.

### Simultaneous Testing

The F test or also called the simultaneous significant test is intended to see the overall ability of the independent variable, namely Compensation and Career Development to be able to explain the behavior or diversity of the dependent variable, namely Employee Performance. The F test is also intended to determine whether all variables have a regression coefficient equal to zero. Based on the results of data processing with the SPSS version 24.00 program, the following results were obtained:

**Table 4. F test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	883,757	2	441.878	36,283	.000b
	Residual	694,177	57	12,179		
	Total	1577,933	59			

a. Dependent Variable: EMPLOYEE PERFORMANCE



**b. Predictors: (Constant), CAREER DEVELOPMENT, COMPENSATION**

Based on table above, the calculated  $f$  for the Compensation and Career Development variable is 36.283 for a 5% error in the 2-party test and  $dk = nk-1$  ( $60-2-1=57$ ),  $f$  table 3.16 is obtained. If  $f$  count  $>$   $f$  table then there is a significant effect between  $X_1$  and  $X_2$  on  $Y$ , and vice versa if  $f$  count  $<$   $f$  table then there is no significant effect between  $X_1$  and  $X_2$  on  $Y$ , in this case  $f$  count = 36,283  $>$   $f$  table = 3.16. This means that there is a positive influence between Compensation and Career Development on Employee Performance at PT. Beautiful Clothing.

**Coefficient of Determination (R-Square)**

The coefficient of determination serves to determine the percentage of the influence of the independent variable and the dependent variable by squaring the coefficients found. In its use, the coefficient of determination is expressed as a percentage (%). To find out the contribution or percentage of Compensation and Career Development to Employee Performance, it can be known through a determination test.

**Table 5. Coefficient of Determination**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,748a	,560	,545	3,48978
a. Predictors: (Constant), Career Development, Compensation				
b. Dependent Variable: Employee performance				

From the table above, it can be seen that the  $R$  value is 0.748 or 74.8%, which means that the relationship between Employee Performance and the independent variable, namely Compensation and Career Development, is close. The  $R$ -Square value in this research is 0.560, which means 56% of the variation of Employee Performance is explained by the independent variables, namely Compensation and Career Development. While the remaining 44% is explained by other variables not examined in this study. The value of Adjusted  $R$ -Square ( $R^2$ ) or the coefficient of determination in this study is 0.545, which means 54.5% of Employee Performance at PT. Indah Clothing can be described by Compensation and Career Development. While 45.5% can be explained by other factors not examined in this study.

**Discussion**

**The Effect of Compensation on Employee Performance**

Based on the results of the research above, between Compensation for Employee Performance at PT. Indah Busana obtained  $t$ count of 5.216 while  $t$ table of 2.001 and has a significant number of 0.000 0.05 meaning  $H_0$  is rejected and  $H_a$  is accepted which indicates that partially there is a significant effect of Compensation on Employee Performance at PT. Beautiful Clothing.

This means that when the compensation given by the company to the employee is in accordance with the wishes and expectations of the employee, the employee's performance will also increase because the employee is satisfied if the workload he does with the compensation obtained is appropriate, then the employee's performance will increase.

According to (Nawawi, 2011) compensation is an award/reward to workers who have contributed in realizing their goals, through activities called work.



The results of this study are in accordance with the results of previous studies conducted by Jufrizen (2017), Ramidah (2010) and Arifin (2017) in their research concluded that there is a positive and significant effect between compensation on employee performance.

#### **The Effect of Career Development on Employee Performance**

Based on the results of the above research between Career Development Against Employee Performance at PT. Indah Busana obtained tcount of 2.703 while ttable of 2.001 and has a significant number of 0.009 0.05, meaning H<sub>0</sub> is rejected and H<sub>a</sub> is accepted. Based on these results, it can be concluded that H<sub>0</sub> is rejected and H<sub>a</sub> is accepted which shows that partially there is a significant influence between Career Development on Employee Performance at PT. Beautiful Clothing.

This means that if the company carries out the right career development program for all sectors of human resources, it is hoped that they will be able to maximize the potential that exists within employees, so that company goals and the goals of each individual employee can be achieved. According to (Handoko & Rambe, 2018) Career development is a company that needs to manage careers and develop them well so that the quality of employees can always be maintained and able to increase morale to always do the best things for the progress and survival of the company.

#### **The Effect of Compensation and Career Development Together on Employee Performance**

Based on the research results obtained regarding the effect of Compensation and Career Development on Employee Performance at PT. Beautiful Clothing. From the ANOVA (Analysis Of Variance) test in the table above, Fcount is 36.283, while Ftable is 3.16. Based on these results, it can be seen that the significant level is 0.000 0.05 so that H<sub>0</sub> is rejected and H<sub>a</sub> is accepted. So it can be concluded that the variables of Compensation and Career Development together have an effect on Employee Performance at PT. Mustika Asahan Jaya.

This means that if the compensation given to employees is in accordance with the wishes and contributions of employees to the company and employees can also develop their careers within the company so that employees have knowledge of the work in the company, then employee performance will also increase because employees feel that their services and contributions are appreciated by the company.

## **4. CONCLUSION**

### **Conclusion**

Partially it is known that compensation has a positive and significant effect on employee performance at PT. Indah Clothing which is obtained tcount > ttable. Partially it is known that career development has a positive and significant influence on the performance of employees of PT. Indah Clothing which is obtained tcount > ttable. Simultaneously it is known that compensation and career development have a significant influence on the performance of employees of PT. Indah Clothing where fcount > ftable is obtained

### **Suggestion**

Should party leader notice whole state employees, care for the welfare of employees and can provide compensation in accordance with the work and contributions of employees to the company. Employee career development should be further improved by providing education and training for employees, as well as caring for employees in all aspects needed by employees. The company should pay more attention to the compensation given to employees, so that employees are satisfied with what they are doing and the company should also give employees more opportunities to be able to develop the potential that exists within themselves





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