The Effect of Compensation On Employee Performance At Pt Charoen Pokphand Jaya Farm Unit 3 Sumedang

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Article Info	ABSTRACT
	Employee management is very important for the sustainability of the company because employees are the tip of the iceberg of the company's strategy achievement. One of the company's strategies in managing employees by providing compensation is given. Compensation makes employees highly motivated to produce good performance. PT Charoen Pokphand Jaya Farm Unit 3 Sumedang once provided salaries below the minimum wage of Sumedang Regency and there was a decrease in incentives from 2023 to 2024, the method used was quantitative, by disseminating data to 32 employees. Based on the results of the analysis, it is known that the overall score of the compensation statement is 2,056 and the overall score of the employee performance statement is 2,300 in the good category. The results of the simple linear regression analysis test obtained a linear regression equation model Y = 33.922 + 0.591X and a significance value of 0.012 is less than 0.05, and based on the results of the t-test, the calculated t-value of 2.666 is greater than the t-table of 2.042, so that the H0 hypothesis is rejected meaning that compensation has an effect on employee performance

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INTRODUCTION

Business competition in the era of globalization is increasingly undeniable, with the opening of business competition globally allowing food to enter from abroad. Therefore, human resource management is very important for the sustainability of the company. When companies do not manage human resources with today's global competition, it is possible that companies will not survive because human resources are the cornerstone of achieving the company's strategy. Ifadhila, et al. (2023: 7) argue that one of the company's strategies in managing human resources is to motivate employees by providing compensation according to the workload borne by the employees.

Hasibuan in Mujanah, S. 2019: 3) argues that compensation is all income in the form of money, direct or indirect goods that employees receive in exchange for services provided to the company. According to Dessler (Zunaidah, et al. 2022: 6) financial compensation consists of direct compensation such as salary, incentives, bonuses, position allowances and indirect compensation

such as allowances, facilities, and services provided by the company while non-financial compensation according to Simamora (Firdaus, V. and Oetarjo, M. 2022: 80) consists of compensation related to work, for example healthy company policies and compensation related to the work environment, For example, placed in a conducive work environment. Financial compensation and non-financial compensation must be taken seriously by the company.

The researcher will conduct research at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang which is a broiler producing company. The forms of compensation provided by PT Charoen Pokphand Jaya Farm Unit 3 Sumedang to direct labor include basic salary. From the results of initial observations, the researcher found that PT Charoen Pokphand Jaya Farm Unit 3 Sumedang had provided a basic salary below the minimum wage of Sumedang Regency. The provision of basic salary compared to the minimum wage of Sumedang Regency for the last 5 years can be seen in the following graph 1.1.
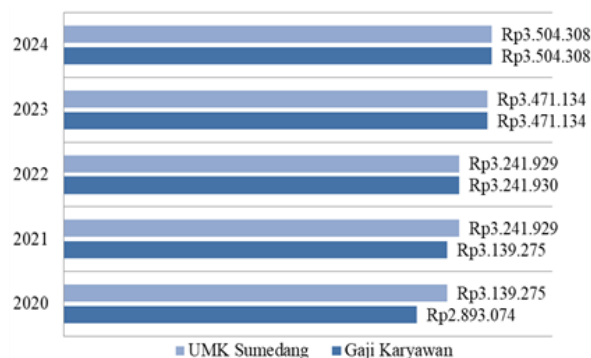
Graph 1. 1 Comparison of Direct Labor Salary with the Minimum Wage of Sumedang Regency in 2020-2024

Source: PT Charoen Pokphand Unit 3 Sumedang and MSEs Sumedang, 2024

Based on graph 1.1, it is known that in 2020 and 2021 PT Charoen Pokphand Jaya Farm Unit 3 Sumedang provided salaries to direct labour below the minimum wage in Sumedang Regency. The salary given in 2020 is 8.5% lower than the minimum wage of Sumedang Regency in 2020, as well as in 2021 the salary given is still 3.2% lower than the minimum wage of Sumedang Regency in 2021. Based on the results of observation, the salary given to each direct labour is the same nominally, there is no difference in salary between direct labour who work for less than 1 year and direct labour who work for more than 1 year. There is no salary increase for direct workers who work longer, even though in the Regulation of the Minister of Manpower No. 1 of 2017 Article 2 there is a provision that regulates the salary structure, namely the wage scale structure must be prepared by taking into account class, position, working period, education, and competence.

The form of compensation other than the basic salary given by PT Charoen Pokphand Jaya Farm Unit 3 Sumedang to direct labor is the provision of incentives. The direct labor section at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang consists of senior caretakers and caretakers, but those who get incentives are only senior caretakers, ordinary caretakers do not get incentives. The nominal incentives provided by the company to senior caretakers can be seen in graph 1.2 as follows.

Graph 1. 2 Senior Caretaker Incentives of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang in 2020-2024

Source: PT Charoen Pokphand Jaya Farm Unit 3 Sumedang, 2024

Based on graph 1.2, it is known that the provision of incentives from 2020 to 2021 increased by 7.9%, from 2021 to 2022 increased by 3.8%, and from 2022 to 2023 increased by 7%. However, from 2023 to 2024 it will decrease by 6.5%. This indicates that in 2024 the performance of senior caretakers will decrease, which means that the performance of caretakers will also decrease. which means that the performance of caretakers has also decreased. If the work performance of caretakers decreases, the incentives received by senior caretakers are less.

Mangkunegara in Budiyanto, E. and Mochklas, M. (2020: 6) argue that 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. The factors that affect performance according to Gibson et al in Silaen, N.R., et al. (2021: 33) are divided into three factors, namely individual factors consisting of abilities and skills, background, and demographics, psychological factors consisting of perceptions, attitudes, personality, learning, and motivation, and organizational factors consisting of resources, leadership, awards, structure, and job design. Compensation is included in the motivational and reward factors that can affect employee performance.

Based on research conducted by Kahuningan, A.S.P. and Netra, G.S.K. (2023: 2434-2447) stated that compensation has a positive and significant effect on the performance of employees of PT Astra Internasional Tbk. Daihatsu Cokroaminoto Branch, Denpasar. On the other hand, based on research conducted by Wahyuni, S.R. and Nirmalasari, T. (2023: 114-125) stated that compensation has no effect on the performance of employees of PT ISS Indonesia Medan Branch.

The difference in the results of previous research which stated that there was an effect of compensation on performance and other researchers stated that there was no effect of compensation on performance and the problems that occurred at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang regarding salaries in 2020 and 2021 were not in accordance with the minimum wage of Sumedang Regency, there was no increase in salaries for direct workers who had worked for a long time, Incentives are only given to senior caretakers and in 2024 Direct Labour's performance has decreased which is marked by the provision of incentives to senior caretakers is lower than in 2023, researchers are interested in conducting a study entitled "The Effect of Compensation on Employee Performance at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang".

The objectives of this study are as follows. Knowing the compensation conditions at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang, knowing the performance of employees at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang, and knowing the influence of compensation on employee performance at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang.

Suwanto and Prisa in Supriadi, A., et al. (2022: 3) argue, "Human resource management is one of the fields of general management which includes aspects of planning, organizing, implementing, and controlling". It can be concluded that human resource management is the science and art of how to manage and utilize human resources by conducting human resource planning, recruitment and selection, human resource development, career planning and development, compensation and

welfare, occupational safety and health, and industrial relations effectively and efficiently so that the company easily achieves its goals.

Prawirosentono (Budiyanto, E. and Mochklas, M. 2020: 10) stated, "Performance is the work achieved by an employee or a group of employees in an organization in accordance with the authority or responsibility in the organization in question legally, not in violation of the law and in accordance with morals and ethics" It can be concluded that performance is the result of work achieved by an employee in carrying out his duties in accordance with his or her responsibilities in a company that to achieve the goals set by the company. According to Bernadin in Supriadi, A., et al. (2022:105) stated that there are six performance indicators, which are as follows :

a. Quality, the level at which the results of an activity are close to perfect in the sense of adjusting some ideal way of performing an activity or meeting the expected goals of an activity.

b. The quantity, the amount produced is expressed in terms of a number of units, the number of activity cycles completed.

c. Punctuality, the level at which an activity is completed at the desired initial time seen from the perspective of coordination with the output results and maximizing the time available for other activities.

d. Effectiveness is the level of an organization's resource users with the intention of increasing profits or reducing the losses of each unit within the resource user.

e. Independence is the level at which an employee can carry out his or her work functions without asking for help, guidance from a supervisor or asking for the intervention of a supervisor to avoid adverse results.

f. Work commitment is the level at which employees have a work commitment to the company and work responsibilities with the company.

Thomas in Mujanah, S. (2019: 2) argues, "Compensation is a form of reward given to employees as a reward for the work they do as an employee". Based on the definition of compensation according to the experts above, it can be concluded that compensation is a reward from the company in the form of money, direct or indirect goods that are given fairly and appropriately to employees for the contributions and work that has been done by the employee. The provision of compensation is intended so that employees are motivated and achieve high productivity. According to Sinambela in Candana, D.M., et al. (2023: 99) there are several things that can be used as compensation indicators as follows:

a. Wages and Salaries, two different things. Wage is a payment that is often used for workers who work in the production department or for daily workers who are not permanent workers. The provision of wages can usually be daily, weekly, or monthly depending on the agreement between the worker and the person who provides the work. Meanwhile, salary is a payment given to workers or employees on a regular or routine basis given in accordance with the agreement.

b. Incentives, are additional compensation given to employees outside of wages and salaries. Incentives are given by the company or superiors because the employee has successfully achieved the target desired by the company or superior.

c. An allowance is a payment or service provided to employees as a supplement to the basic salary, for example such as providing medical treatment, vacations, and others related to employees.

d. Facilities are a form of compensation provided by the company or superiors to employees or their subordinates in the form of facilities to make it easier and motivate employees to work, such as vehicles, internet access (wifi), residences, and so on.

METHODS

This research uses a quantitative method, Sugiyono (2022:15) argues, "Quantitative research is research with a foundation of positivism that aims to research a specific population or sample". The location of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang is located in Banas Hamlet, Banten, Babakan Asem Village, Conggeang District, Sumedang Regency, West Java Province. The research was conducted from February 2024 to July 2024. Quantitative data analysis is statistical with the aim of describing and testing predetermined hypotheses. The population in this study is the number of employees of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang in 2024 which is 62 people, the sampling used by the researcher is nonprobability sampling. Sugiyono (2022: 81) argued, "Nonprobability sampling is a sampling technique that does not give an equal opportunity/opportunity for each element or member of the population to be selected as a sample". In the nonprobability sampling technique, the researcher conducted research using the purposive sampling technique. Sugiyono (2022: 85) argued, "Purposive sampling is a technique for determining samples with certain considerations, so in determining the researcher sample from the licensing results from the manager of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang that employees who can be research samples are only in the direct labor section, there is a division of working hours in the direct labor section. So the selected sample is 32 people. Measuring instruments in research use research instruments, research instrument tests include validity and reliability tests. The data collection techniques used in this study are as follows:

a. Interviews in this study were conducted with the manager of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang to find problems that need to be researched and determine research samples.
b. The questionnaire in this study was given to direct labor employees of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang to obtain information about responses related to the research.
c. The researcher made a direct observation to PT Charoen Pokphand Jaya Farm Unit 3 Sumedang to observe the company's work environment.
d. Literature Study, Data or information collection is carried out by reading and studying literature related to research.

In the creation of questionnaires, the likert scale technique is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena that occur. In this study, the researcher used an ordinal scale with five categories of scale weighting, namely strongly agree, agree, hesitate, disagree, and disagree. In conducting hypothesis tests, researchers use the T-test (t-test) to partially test the hypothesis to show the influence of each independent variable individually on the dependent variable.

RESULTS AND DISCUSSION

In this study, the respondents analyzed were 32 employees of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang. The characteristics sampled in this study were classified based on gender, age, last education, and employment period. The proportion of male informants can be clearly seen in table 4.1 below.

Table 4. 1 Gender of Respondents

Jenis Kelamin					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Informan	32	100,0	100,0	100,0

The selected respondents were grouped by age. To find out the age proportion clearly, see table 4.2 below.

Table 4. 2 Age of Respondents

Usia		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<25 Tahun	7	21,9	21,9	21,9
	26 - 30 Tahun	10	31,3	31,3	53,1
	31 - 35 Tahun	10	31,3	31,3	84,4
	>35 Tahun	5	15,6	15,6	100,0
	Total	32	100,0	100,0	

The selected respondents were grouped based on their last education. To find out the proportion of the last education clearly, see table 4.3.

Table 4. 3 Respondent's Last Education

Pendidikan Terakhir		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	7	21,9	21,9	21,9
	SMP	8	25,0	25,0	46,9
	SMA/SMK	15	46,9	46,9	93,8
	D3	1	3,1	3,1	96,9
	S1	1	3,1	3,1	100,0
	Total	32	100,0	100,0	

The selected respondents were grouped based on length of service or length of service. To find out the proportion of working period or length of work clearly, it can be seen in table 4.4.

Table 4. 4 Respondent's Employment Period

Masa Kerja		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 Tahun	6	18,8	18,8	18,8
	2 - 3 Tahun	11	34,4	34,4	53,1
	>3 Tahun	15	46,9	46,9	100,0
	Total	32	100,0	100,0	

Table 4. 5 Descriptive statistics

Descriptive Statistics	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Kompensasi	32	54	80	2056	64,25	6,560
Kinerja Karyawan	32	57	90	2300	71,88	8,853
Valid N (listwise)	32					

Based on the statistical output, it shows that for the compensation variable, the amount of data (N) is 32 people, the minimum number is 54, the maximum number is 80, the average number is

64.25 and the standard deviation is 6.560 and a total of 2056. As for the employee performance variable, the number of data (N) is 32 people, the minimum number is 57, the maximum number is 90, the average number is 71.88 and the standard deviation is 8.853 and a total of 2300.

Providing compensation that is in accordance with employee expectations can make employees highly motivated to carry out their work, so that employee performance can improve. The overall assessment of the four indicators of the compensation variable with 16 statements answered by the respondents as a result of summing the scores of all these statements as much as 2,056 is in the good category.

Table 4. 6 Categories of Compensation Assessment

No	Performance Research Category	Interval
1.	Bad	512 – 921,6
2.	Not Good	921,6 – 1.331,2
3.	Pretty Good	1.331,2 – 1.740,8
4.	Good	1.740,8 – 2.150,4
5.	Excellent	2.150,4 – 2.560

Source: Data processed by researchers, 2024

Based on the research table of the company at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang, it can be seen that the compensation received by employees is already in the good category even though it has experienced a decrease in compensation from the year the study was conducted, as can be seen from the respondents' answers to statements regarding salaries, incentives, allowances and facilities. The salary that has been given to employees is in accordance with the workload, incentives are given according to work performance, allowances are given in accordance with the position occupied, and health facilities such as insurance are given to employees so that employees feel safe at work.

The overall assessment of six performance variable indicators with 18 statements answered by respondents as a result of summing the scores of all statements as many as 2,300 is in the good category, can be seen in the table below:

Table 4. 7 Performance Assessment Categories

No	Performance Research Category	Interval
1.	Bad	576 – 1.036,8
2.	Not Good	1.036,8 – 1.497,6
3.	Pretty Good	1.497,6 – 1.958,4
4.	Good	1.958,4 – 2.419,2
5.	Excellent	2.419,2 – 2.880

Source: Data processed by researchers, 2024

The performance of employees at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang in the good category can be seen from the respondents' answers to statements regarding quality, quantity, punctuality, effectiveness, independence, and work commitment. Employees are able to carry out tasks according to the instructions of the leadership, employees are able to work according to targets, employees always comply with company rules, employees are willing to use their free time for useful activities, employees are able to solve problems on their own initiative, and the results of employees' work can be accounted for to their superiors.

Table 4. 8 Compensation Validity Test Results

Item	R hitung	R tabel	Information	result
X1	0.796	0.349	Valid	Used
X2	0.743	0.349	Valid	Used
X3	0.664	0.349	Valid	Used
X4	0.808	0.349	Valid	Used
X5	0.629	0.349	Valid	Used
X6	0.641	0.349	Valid	Used
X7	0.597	0.349	Valid	Used
X8	0.370	0.349	Valid	Used
X9	0.700	0.349	Valid	Used
X10	0.775	0.349	Valid	Used
X11	0.744	0.349	Valid	Used
X12	0.639	0.349	Valid	Used
X13	0.695	0.349	Valid	Used
X14	0.698	0.349	Valid	Used
X15	0.630	0.349	Valid	Used
X16	0.719	0.349	Valid	Used

Sumber: Data diolah dengan SPSS 26, 2024

The validity test of the compensation variable showed that the calculation > the table for degree of freedom (df) = 32 – 2 = 30 with a significance level of 5% was 0.349. Thus it can be said that all the items of the compensation variable (X) used in this study are valid.

Table 4. 9 Employee Performance Validity Test Results

Item	R hitung	R tabel	Information	Results
Y1	0.651	0.349	Valid	Used
Y2	0.764	0.349	Valid	Used
Y3	0.752	0.349	Valid	Used
Y4	0.688	0.349	Valid	Used
Y5	0.718	0.349	Valid	Used
Y6	0.769	0.349	Valid	Used
Y7	0.727	0.349	Valid	Used
Y8	0.507	0.349	Valid	Used
Y9	0.700	0.349	Valid	Used
Y10	0.724	0.349	Valid	Used
Y11	0.662	0.349	Valid	Used
Y12	0.448	0.349	Valid	Used
Y13	0.671	0.349	Valid	Used

Y14	0.781	0.349	Valid	Used
Y15	0.701	0.349	Valid	Used
Y16	0.591	0.349	Valid	Used
Y17	0.666	0.349	Valid	Used
Y18	0.645	0.349	Valid	Used

Source: Data processed with SPSS 26, 2024

The validity test of the performance variables showed that the calculation > the table for degree of freedom (df) = 32 – 2 = 30 with a significance level of 5% was 0.349. Thus, it can be said that all employee performance ariable items (Y) used in this study are valid.

Table 4. 10 Reliability Test Results of Compensation and Performance Variables

Case Processing Summary

		N	%
Cases	Valid	32	100,0
	Excluded[a]	0	0,0
	Total	32	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics		**Reliability Statistics**	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
0,912	16	0,914	18

Source: Data processed with SPSS 26, 2024

The reliability testing method used in this study is Cronbach Alpha. Cronbach Alpha decision-making basis > 0.70. The results of the reliability analysis with the Cronbach Alpha technique on the compensation variable were 0.912 > 0.70, so the compensation questionnaire statement instrument/item was declared reliable. The results of the reliability analysis with the Cronbach Alpha technique on employee performance variables were 0.914 > 0.70, then the employee performance questionnaire statement instrument/item was declared reliable.

Table 4. 14 Results of Simple Linear Regression Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	33,922	14,305		2,371	0,024
	Kompensasi	0,591	0,222	0,438	2,666	0,012

a. Dependent Variable: Kinerja Karyawan

Source: Data processed with SPSS 26, 2024

A simple linear regression coefficient test yields a regression equation $Y = 33.922 + 0.591X$. The constant of 33.922 means that the employee performance variable is 33.922. The value of the variable regression coefficient (b) has a positive value of 0.591, meaning that every 1% increase in the compensation value increases by 0.591. The significance value of 0.012 is less than 0.05, meaning that variable X has an effect on variable Y.

Table 4. 15 Correlation Coefficient Test Results

Correlations			
		Kompensasi	Kinerja Karyawan
Kompensasi	Pearson Correlation	1	.438[*]
	Sig. (2-tailed)		0,012
	N	32	32
Kinerja Karyawan	Pearson Correlation	.438[*]	1
	Sig. (2-tailed)	0,012	
	N	32	32
*. Correlation is significant at the 0.05 level (2-tailed).			

Source: Data processed with SPSS 26, 2024

The significance level of 0.012 is smaller than 0.05 which means that there is a correlation between the compensation variable and the employee performance variable. The value of the product moment correlation coefficient of 0.438 is at a moderate relationship level. Thus, it can be concluded that compensation is positively related to the performance of employees with a moderate level of relationship.

Table 4. 16 Correlation Coefficient Interpretation Guidelines

Interval Koefisien	Relationship Level
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Keep
0,60 – 0,799	Strong
0,80 – 1,000	Very Strong

Source: Sugiyono (2022: 184)

Table 4. 17 Coefficient of Determination Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.438[a]	0,192	0,165	8,091	1,447
a. Predictors: (Constant), Kompensasi					
b. Dependent Variable: Kinerja Karyawan					

Source: Data processed with SPSS 26, 2024

The results of the calculation of the determination coefficient by looking at the adjusted R square value of 0.165 x 100% = 16.5% are among the low but definite and quite strong categories. Therefore, it can be concluded that compensation has a low but definitely strong influence on employee performance by 16.5% and the remaining 83.5% is influenced by other factors. The guidelines for taking percentage categories are based on table 4.18.

Table 4. 18 Determination Coefficient Interpretation Scale

Persentase	Kategori
0% - 4%	low
5% - 16%	Low but sure
17% - 49%	Strong enough
50% - 80%	Strong
80% - 100%	Very strong

Table 4. 19 T Test Results (Individual Parameter Significance Test)

Coefficients[a]		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	33,922	14,305		2,371	0,024
	Kompensasi	0,591	0,222	0,438	2,666	0,012
a. Dependent Variable: Kinerja Karyawan						

Source: Data processed with SPSS 26, 2024

The calculated t is 2.666 greater than the table t, which is 2.042 and the significance value of 0.012 is less than 0.05, so it can be concluded that there is a significant influence between the compensation variable (X) partially on the employee performance variable (Y).

This research is in line with the results of previous research conducted by Pratiwi, G.R. and Arwiyah, M.Y. (2023: 3175-3182) in a descriptive analysis of the research on compensation variables resulting in an overall average percentage of 82.8%, placing it in the good category and showing that the company provides satisfactory salaries to its employees. A descriptive analysis of employee performance characteristics showed an average percentage of 86.8%, putting these results in an excellent range. At an impact rate of 28.7%, compensation is very influential in determining performance. And the results of the research conducted by Sulaeman, A., et al. (2021: 137-144) also stated that the compensation variable obtained an average score of 3,710 with good criteria. The employee performance variable obtained an average score of 3,838 with good criteria. The value of the regression equation Y = 15.490 + 0.617X, and the value of the correlation coefficient is 0.729 or has a strong relationship level with a determination value of 53.1%. The hypothesis test obtained a significance of 0.000 < 0.05. Thus, compensation has a positive and significant effect on employee performance.

CONCLUSION

Based on the research and discussion that has been described regarding the effect of compensation on employee performance at PT Charoen Pokphand Jaya Farm Unit 3 Sumedang, the following conclusions can be drawn: The compensation provided by PT Charoen Pokphand Jaya Farm Unit 3 Sumedang based on the results of employee assessment of compensation, the average employee states that he agrees that the company has provided salary in accordance with the workload, Incentives are given according to work performance, allowances are given according to the position occupied, and health facilities such as insurance are given to employees. The results of employee assessments of performance, on average, employees agree that employees work in accordance with the instructions of the leadership, employees are able to work according to targets, employees always comply with company rules, employees are willing to use their free time for useful activities, employees are able to solve problems on their own initiative, and employee work results can be held accountable to superiors. Compensation has a positive and significant effect on the performance of employees of PT Charoen Pokphand Jaya Farm Unit 3 Sumedang.

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