Jurnal Internasional Penelitian Ekonomi, Bisnis dan Akuntansi (IJEBAR)
Peer Review - Jurnal Internasional
Vol-8, Issue-1, 2024 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

COMPENSATION INCREASES EMPLOYEE PRODUCTIVITY AT PT. BUSSAN AUTO FINANCE (BAF) JAYAPURA

Moses Yomungga, Ester Sarangan
Faculty of Economics and Business, Ottow Geissler University, Papua
E-mail: yomungga@gmail.com

Abstrak: *Compensation is one of the factors that can enhance work productivity in a company. This is also applicable to the financial company PT. Bussan Auto Finance (BAF) Jayapura. This study aims to evaluate how the reward system provided to employees affects their productivity levels in carrying out duties and responsibilities within the company. Additionally, it seeks to understand the extent of the influence of compensation on employee productivity levels. The method used is a quantitative approach by applying Regression Analysis to test the relationship partially. The results indicated that compensation has a partial positive impact on the productivity of PT. BAF employees. This is evidenced by a t-value of 3.511 with a significance level of 0.001, demonstrating that an increase of one unit in compensation will enhance productivity by 35.11%. Furthermore, incentives also have a partial positive effect on the productivity of PT. BAF employees. The regression analysis results showed a t-value of 2.521 with a significance level of 0.014, indicating that an increase of one unit in incentives will boost productivity by 25.21%. Therefore, it is crucial to maintain and improve the incentive system. The combined effect of compensation and incentives on productivity also showed positive results. The regression analysis demonstrated that both factors significantly contribute to productivity, with the regression equation: Y = 1.239 + 0.786(X1) + 0.308(X2).*

Keywords: *Compensation, Incentives, Productivity*

1. Introduction

The impact of compensation on employee work productivity at PT Bussan Auto Finance that affects employee work productivity are: 1). Unfairness in compensation, be it in terms of unequal pay for the same job there is a significant difference in the provision of bonuses and incentives, can reduce employee motivation. 2). Uncompetitive Compensation: The compensation package offered by the company is not competitive compared to the general labor market. 3). Unclear compensation structure, as to how compensation is determined, or the indicators needed to determine the magnitude of certain bonuses and incentives, can cause employee frustration and confusion among employees. This can reduce their motivation to achieve. 4). Compensation is not only about money. Non-financial recognition and rewards are also important. Lack of recognition

for hard work and achievement can damage employee morale and productivity. 5). A compensation system that does not accurately reflect individual or team performance can affect employee motivation to excel. This is especially true if high-performing employees feel that their efforts are not being properly rewarded. 6). The compensation structure is not designed to support the company's strategic goals, such as providing incentives for short-term achievement rather than long-term results, this can lead to unproductive work behavior. 7). Compensation systems that do not offer flexibility or personalization based on individual needs or changing market conditions can become less effective over time, reducing employee motivation and productivity. Identifying and addressing these compensation issues requires a careful and well-considered approach, including comprehensive market analysis, clear communication, and a fair and transparent performance evaluation system.

The purpose of this study is to determine the impact of compensation and incentives on employee work productivity at PT. Bussan Auto Finance either partially or simultaneously. Compensation is the entire payment or reward received by employees as a form of appreciation for contributions made by employees to the organization or company. The form of payment given can be in the form of objects, financial and non-financial (Suparyadi 2015, in Yohanes B Windo Thalibana, 2022) Compensation is one of the most important parts in a company, therefore a good management system is needed so that in its implementation it provides justice and compensation can have an impact on increasing employee morale in carrying out the tasks given. Compensation is given for the work that employees have carried out for the company's progress in achieving company goals (Purnomo &; Utami, 2021), Economic Compensation is the premium risk needed by individuals and companies to make investments related to risk.(De Feo et al., 2013). The compensation mechanism is illustrated as reimbursement for the absence of labor, where in a situation where one is unable to work, another party such as a co-worker or temporary employee can take over the responsibility for keeping production levels stable. For example, when an employee is absent for health reasons, his co-workers or temporary employees may take over certain tasks to ensure production continues. In certain types of work, absent employees can also replace missed tasks after they return to work. In this kind of situation, the mechanism Compensation serves to reduce the negative impact on production caused by absenteeism.(van der Kruk et al., 2021).

Menerut (Lestari, A. R., Firdaus, M. A., &; Rinda, 2021) Currently, rewards and incentives have a significant impact on employee productivity in the workplace. Wage incentives, for example, are a form of reward given to employees as an incentive to increase their motivation and dedication. This type of incentive wage can be cash or non-cash, such as the provision of goods or other facilities. Thus, in addition to feeling satisfied with their work, employees can also feel high morale, while obtaining rewards that can be used to meet their personal needs and desires. Fair and appropriate incentive methods are a key driver in maintaining employee retention. By providing incentives, employees feel valued and recognized for their achievements, which in turn increases their morale and loyalty. The implementation of incentives by the company is aimed primarily at improving the performance of employees and retaining those who have high

productivity. The incentive is an encouragement given to employees to encourage them to act and contribute to the company's goals. Thus, incentives become a motivational tool for employees to create a stronger morale and achieve for the benefit of the company.(Nur Irawan, 2018).

According to (Yamada et al., 2012) said that the loss of work productivity can be caused by two things, namely absenteeism (not coming to work, leaving early) or existence at work. Decreased work productivity can occur due to health problems that can come from absenteeism (absence due to illness or disability) or presence at work (although present, but hampered in certain performance due to health problems). Maintaining a healthy and productive workforce is becoming more challenging due to continuous structural changes in the work environment, an aging workforce, and the growing impact of workplace stress. Consequently, gaining a deeper understanding of the causes of absenteeism and productivity declines related to stress is increasingly important both socially and economically. Analyzing the reasons for reduced productivity due to work stress in detail can help identify the employees most at risk of productivity loss from stress and determine which employees would benefit the most from interventions aimed at improving working conditions.(McMorris et al., 2010)

Research Hypothesis (linearity test):
H1: It is estimated that compensation has a positive influence on the work productivity of employees at PT BAF Jayapura.
H2: It is estimated that incentives have a positive influence on the work productivity of employees at PT BAF Jayapura.
H3: It is estimated that both compensation and incentives have a positive influence on the work productivity of employees at PT BAF Jayapura.

2. Research Methods

Reliability and Validity Test

a. Validity Test

According to Ghozali (2007), a valid questionnaire will mean that the questionnaire is able to measure what should be measured. In this study, the validity test was carried out by looking at the level of significance of the correlation of the score of each question item to the total score for each variable.

1) Variable Compensation

Table 1
Compensation Variable Validity Test

	Calculate	Table able	Validitas
Item 1	0,625	0,385	Valid
Item 2	0,675	0,385	Valid
Item 3	0,532	0,385	Valid
Item 4	0,682	0,385	Valid
Item 5	0,557	0,385	Valid
Item 6	0,539	0,385	Valid
Item 7	0,409	0,385	Valid
Item 8	0,639	0,385	Valid
Item 9	0,626	0,385	Valid
Item 10	0,608	0,385	Valid

Source: data processed 2024

The r value of the table for a two-sided test at a confidence level of 95% or significant 5% (p = 0.05) can be found based on the number of respondents or N. Since N=22 , the free degree (df) is N-2(22-2= 20). In statistical books, the r value of the one-sided table at df = 20 and p = 0.05 is 0.385.

Declared valid if the calculated value >r table. From the output results above that 10 Questions with details r calculate >r table>0, The conclusion is that all items of the Compensation variable question are valid.

2) Variable Incentives

Table 2
Test the validity of incentive variables

	Calculate	Table able	Validitas
Item 1	0,446	0,385	Valid
Item 2	0,650	0,385	Valid
Item 3	0,679	0,385	Valid
Item 4	0,602	0,385	Valid
Item 5	0,475	0,385	Valid
Item 6	0,766	0,385	Valid
Item 7	0,430	0,385	Valid
Item 8	0,470	0,385	Valid
Item 9	0,469	0,385	Valid
Item 10	0,785	0,385	Valid

Source: data processed 2024

The rtable value for a two-sided test at a confidence level of 95% or significant 5% (p = 0.05) can be found based on the number of respondents or N. Since N=22 , the free degree (df) is N-2(22-2= 20). In statistical books, the value of one-sided tables at df = 20 and p = 0.05 is 0.385.

Declared valid if the r value is calculated >rtable. From the output above that 10 questions with details of rcalculate > rtabel>0.385 above The conclusion is that all items of the Incentive variable questions are valid.

3) Employee Productivity Variables

Table 3
Test the validity of incentive variables

	Calculate	Tableable	Validitas
Item 1	0,583	0,385	Valid
Item 2	0,440	0,385	Valid
Item 3	0,457	0,385	Valid
Item 4	0,666	0,385	Valid
Item 5	0,595	0,385	Valid
Item 6	0,725	0,385	Valid
Item 7	0,558	0,385	Valid
Item 8	0,470	0,385	Valid
Item 9	0,534	0,385	Valid
Item 10	0,471	0,385	Valid

Source : Data processed 2024

The conclusion is that all items of the employee work productivity variable question are valid.

b. Reliability Test

Reliability tests are conducted using internal consistency. The outcomes of these tests will indicate whether a research instrument is reliable, based on the accuracy and stability of the measuring tool. The level *of reliability* with Alpha *Cronbach* is measured from a scale of 0-1, as listed in table 4 below:

Table 4
Reliability Level Based on *Alpha Value*

Alpha	**Reliability Level**
0.00 to 0.20	Lack of *Reliability*
0.20 to 0.40	Somewhat *Reliability*
0.40 to 0.60	Enough *Reliability*
0.60 to 0.80	*Reliability*
0.80 to 1.00	Highly *Reliable*

Source : Data processed 2024

From the results of SPSS 21 analysis to determine the *reliability figure* on the Compensation variable can be illustrated in the table below:

1) Compensatory Reliability Test

Table 5
Compensatory Reliability Test

Reliability Statistics

Cronbach's Alpha	N of Items
0,611	10

Source : Data processed 2024

Based on the results of the analysis in table 4.6. the value of *Alpha* in *Cronbach's Alpha* column is 0.611 so that the compensation variable is declared *reliable* because it is between 0.60 to 0.80.

2) Incentive Reliability Test

Table 6
Employee Incentive Reliability Test Reliability Statistics

Cronbach's Alpha	Nof Items
0,715	10

Source:Data processed 2024

From the results of the analysis of the employee incentive variability in table 4.7, it is known *that the Alpha* value in *Cronbach's Alpha* column above, is *reliable* 0.715 so that the employee incentive variable is declared *reliable* because it is between 0.60 to 0.80.

3) Productivity Reliability Test

Table 7
Employee Productivity Reliability Test Reliability Statistics

Cronbach's Alpha	Nof Items
0,631	10

Source:Data processed 2024

From the results of the analysis of employee productivity variables in table 4.8. it is known *that the Alpha* value in *Cronbach's Alpha column* above, amounting to *reliable* 0.631 so that the variable Employee work productivity is declared *reliable* because it is between 0.60 to 0.80.

3. Analysis Results

Based on the results of the analysis using the SPSS 20 application on two independent variables, namely Compensation and Incentives and one variable bound/dependent variable, namely employee productivity, using the Multiple Linear Regression Analysis tool to measure the amount of influence of the independent variable on the dependent variable partially or simultaneously. The results of the analysis are as follows:

a. Test Coefficient Of Determination (R Square)

Based on the coefficient of determination test (R Squre) in table 4.10, the results of the Summery Model analysis are shown as follows:

Table 8
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0,569a	0,323	0,301	2,95824	0,323	14,576	2	61	0,000

a. Predictors: (Constant), Insentif, Kompensasi

From the results of the analysis in table 4.10 Model Summary shows the following values.

1. The R value is 0.569 which shows a correlation coefficient of 0.569. This value shows the degree of correlation between the variables Compensation and Incentives to employee productivity.
2. The R Square value is 0.323. This value indicates the number of its coefficient of determination (R2). This value shows that the variable Work productivity can be influenced by Compensation and Incentive variables by 32.3%, and the rest (67.7%) is influenced by other variables. Or the amount of contribution/contribution of the Effect of Compensation and Incentive variables on Productivity is 32.3%, the remaining 67.7% is influenced by other variables. For example motivational variables, Leadership etc.
3. Adjusted Rsquare = 0.301. This size means the same as Rsquare, it's just that Adjusted Rsquare is more stable because it has been adjusted to the number of independent variables.
4. Standard Error of The Estimate = 2.95824 which shows the measure of error rate in predicting the dependent variable (Productivity).

b. F TEST

Statistical test F is used to determine the effect of independent variables, namely Compensation and Incentives together (simultaneously) affect the dependent variable, namely employee work productivity at PT. BAF Jayapura.

Research Hypothesis (linear test):

H3: It is suspected that there are positive compensation and incentives against employee productivity at PT. BAF Jayapura Measurement Criteria :

1. If Sig < α, then Ho is rejected.
2. If Sig > α, then Ho is accepted

Table 9
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	255,114	2	127,557	14,576	,000b
	Residual	533,823	61	8,751		
	Total	788,938	63			

a. Dependent Variable: Productivity
b. Predictors: (Constant), Insentif, Kompensasi

Based on the Analysis Results, it is known that the results of statistical test F in table 4.11 above to test the effect of Compensation (X_1), Incentives (X_2), on work productivity (Y). The F-count value is 14.572 with a significance value of 0.000, this means a significance level of < 5% (α = 0.05) and an F-count of 14.572 > F-table of 2.84 which means that H3 is accepted, it can be concluded that Compensation and Incentives simultaneously have a significant effect on work productivity at PT. BAF Jayapura

c. Multiple Regression Test (T)

The statistical test t aims to find out whether it is partially independent or Compensation and Incentives have a significant or no effect on the dependent variable or work productivity at PT BAF Jayapura. The following are the results of the statistical test t.

Research Hypothesis (Compensation coefficient test):

H1: It is suspected that there is a positive effect of compensation on productivity Employee work at PT BAF Jayapura.

H2: It is suspected that there are positive incentives for work productivity employees at PT. BAF Jayapura

Measurement Criteria :

1. If Sig < α, then Ho is rejected.
2. If Sig > α, then Ho is accepted

The following table of Coefficients analysis results appears in the following table below:

Table 4.10
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	1,239	6,461		,192	,849
	Compensation	,786	,224	,398	3,511	,001
	Incentive	,308	,122	,286	2,521	,014

a. Dependent Variable: Productivity

1. Effect of Compensation (X_1) on Work Productivity (Y)

The t-test result for H1 obtained a t-count result of 3.551 with a significance of 0.001. The significant value for the variable Compensation (X_1) shows a value below the significant level of 5% (α = 0.05) and the t-count value is 3.551 > t-

table 2.015 which means that H1 is accepted so that the variable Compensation (X_1) is partially influential with the direction of a positive relationship to work productivity (Y).

2. Effect of Incentives(X_2) on Work Productivity (Y)
   The t-test result for H2 obtained a t-count result of 2.521 with a significance of 0.014. The significant value for the variable Incentive (X_2) shows a value below the significant level of 5% ($\alpha = 0.05$) and a t-count value of 2.521> t-table of 2.015, which means that H2 is accepted so that the variable Insetif (X_2) partially has a significant effect in a positive direction on work productivity (Y).

c. Model Regression

The regression equation model is obtained from the constant coefficients and variable coefficients in the **Unstandardized Coefficients B column**. Based on table 4.12 above, a regression equation model is obtained: **Productivity (Y) = 1.239, Compensation (X1) + 0.786, Incentive (X2) 0.308**

From the results of the analysis above, the regression equation is found as follows.

Y= 1.239+0.786(X1)+0.308(X2)+ ε

Persamaan regresi tersebut dapat dijelaskan berikut ini:

1. The constant value (a) of 1.239 means that if the value of the variables Compensation (X_1) and Incentive (X_2), is constant (0), then the value of the variable Work productivity (Y) is 1.239.
2. The coefficient b1 for the variable Compensation (X_1) of 0.789 shows the influence X_1 on work productivity (Y) with a positive pattern so that the more compensation the higher the level of work productivity (Y). The value of the Compensation coefficient (X_1) of 0.789 means that every 1% increase in the Compensation variable (X_1) will increase the level of work productivity by 0.789%.
3. The coefficient b2 for the variable Incentive (X_2) of 0.308 shows the effect of Incentive (X_2) on work productivity (Y) with a positive pattern, so that the more Incentive (X_2) the higher the level of work productivity (Y). The value of the Incentive coefficient (X_2) of 0.308 means that every 1% increase in the Incentive variable (X_2) will increase the level of work productivity by 0.308 %.

4. Results and Discussion

To answer this research question, based on the results of the analysis that has been done, it can be concluded as follows:

1. ***The Effect of Compensation on Employee Productivity at PT. Bussan Auto Finance***
   The results of the first hypothesis test show that employee compensation at PT. Bussan Auto Finance has a positive influence on employee productivity. Regression analysis shows that the Compensation variable has a t value of 3.511 with a significance of 0.001 (see table 4.12). Because the significance value of 0.001 is lower than the confidence level (α) of 0.05, the hypothesis (H0) is rejected. This indicates that employee compensation at PT. Bussan Auto Finance is already doing well. Taking this into account, future compensation improvements are expected to continue to increase employee productivity in this company.
2. ***The Effect of Incentives on Employee Productivity at PT. Bussan Auto Finance***
   From the results of the second hypothesis test, it can be concluded that employee incentives at PT. Bussan Auto Finance has a positive influence on employee productivity. Regression analysis shows that the Incentive variable has a t value of 2.521 with a significance of 0.014 (see table 4.12). Since the significance value of 0.014 is also lower than the confidence level (α) of 0.05, the hypothesis (H2) is accepted. This shows that Incentives have a significant effect on Employee Productivity at PT. Bussan Auto Finance. Therefore, policies to maintain and increase incentives need to be considered.
3. ***The Effect of Compensation and Incentives Simultaneously on Employee Productivity at PT. Bussan Auto Finance***
   Based on the analysis of the variables Compensation (X1) and Incentive (X2), both together have a positive effect on employee productivity (Y) at PT. Bussan Auto Finance. The results of the multiple linear regression test showed very significant results, with a value of 14.576 and a significance level of 0.000. This shows a positive relationship between Compensation and Incentives which together affect Employee Productivity at PT. Bussan Auto Finance. Therefore, it needs to be maintained and improved again to increase Employee Productivity in the future.

5. Discussion

Based on the results of regression analysis, it shows that the increase in work compensation partially has a **positive** effect on employee productivity at PT. Bussan Auto Finance, with a calculated t value of 3.511 and a significance of 0.001 at a confidence level of 0.05. This indicates that every one unit increase in compensation will increase productivity by 35.11%.

Similarly, the effect of incentives partially on employee productivity at PT. Bussan Auto Finance also showed **positive** results. The calculated t value is 2.521 with a significance of 0.014 at a confidence level of 0.05. That is, an increase of one incentive unit will increase productivity by 25.21%. Therefore, it is important to maintain and increase incentives. When these two factors, compensation and incentives, are considered together, their effect on employee productivity at PT. Bussan Auto Finance is also positive. The regression value shows that the effect is 14.576 with a significance level of 0.000. The regression model given is: **Y = 1.239 + 0.786(X1) + 0.308(X2).**

This study is different from that conducted by previous researchers on the same topic, but the action from the object is very different from previous studies.
This research encourages PT. BAF can encourage its employees to work optimally in channeling financing for entrepreneurs in Papua Province, especially in Jayapura City.

6. Conclusion

There is a partial effect of work compensation on employee productivity at PT. Bussan Auto Finance is **Positive** based on regression test results with Significant level = 0.001 when compared to confidence degree (α) 0.05, Partial incentives for employee productivity at PT. Bussan Auto Finance showed positive results, where the results of regression analysis showed a calculated t value of 2.521 with a significance of 0.014. The Effect of Compensation and Incentives Simultaneously (together) on Employee Productivity at PT. Bussan Auto Finance showed a positive result of 14,576 with a significant level of 0,000 and based on the results of regression analysis.

Referensi

De Feo, G., De Gisi, S., & Williams, I. D. (2013). Public perception of odour and environmental pollution attributed to MSW treatment and disposal facilities: A case study. *Waste Management*, *33*(4), 974–987. https://doi.org/10.1016/j.wasman.2012.12.016

Lestari, A. R., Firdaus, M. A., & Rinda, R. T. (2021). Pengaruh Penghargaan Dan Insentif Terhadap Produktivitas Kerja Karyawan. *Manager Jurnal Ilmu Manajemen*, *4*(1), 28–33. http://ejournal.uika-bogor.ac.id/index.php/MANAGER

McMorris, B. J., Downs, K. E., Panish, J. M., & Dirani, R. (2010). Workplace productivity, employment issues, and resource utilization in patients with bipolar i disorder. *Journal of Medical Economics*, *13*(1), 23–32. https://doi.org/10.3111/13696990903475833

Nur Irawan, M. R. (2018). Pengaruh Gaji Dan Insentif Terhadap Produktivitas Kerja Karyawan Pada Pt. Mahkota Sakti Jaya Sidoarjo. *Ecopreneur.12*, *1*(1), 36. https://doi.org/10.51804/econ12.v1i1.196

Purnomo, M. A., & Utami, E. (2021). Pengaruh Kompensasi Terhadap Produktivitas Kerja Karyawan Pada PT Berkat Anugerah Sejahtera. *Borneo Student Research (BSR)*, *2*(2), 1407–1416. https://journals.umkt.ac.id/index.php/bsr/article/view/1931

van der Kruk, E., Silverman, A. K., Koizia, L., Reilly, P., Fertleman, M., & Bull, A. M. J. (2021). Age-related compensation: Neuromusculoskeletal capacity, reserve & movement objectives. *Journal of Biomechanics*, *122*, 110385. https://doi.org/10.1016/j.jbiomech.2021.110385

Yamada, M., Mizuno, Y., & Shigeyasu, C. (2012). Impact of dry eye on work productivity. *ClinicoEconomics and Outcomes Research*, *4*(1), 307–312. https://doi.org/10.2147/CEOR.S36352

Yohanes B Windo Thalibana. (2022). Pengaruh Kompensasi, Lingkungan Kerja dan Stres Kerja Terhadap Produktivitas Kerja (Literature Review Manajemen Sumberdaya Manusia). *Inisiatif: Jurnal Ekonomi, Akuntansi Dan Manajemen*, *1*(4), 01–09. https://doi.org/10.30640/inisiatif.v1i4.344