



## THE ROLE OF COMPETENCE, MOTIVATION AND COMPENSATION IN AFFECTING THE EMPLOYEE PERFORMANCE AT PT. ZTE INDONESIA

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**Abstract:** *The decline in employee performance which resulted in work outcomes were less than optimal, that was the moment when a phenomenon occurred. This research aims to assess the impact of competence, motivation and work compensation on employee performance at PT. ZTE Indonesia. The data analysis used multiple linear regression analysis. This type of research was included in quantitative. The sample subjects in this research were 86 employees of PT. ZTE Indonesia. The multiple linear regression analysis result shows if both partially and simultaneously competence, motivation and compensation had significant influence on the employee performance at PT. ZTE Indonesia.*

**Keywords:** *Competence, motivation, compensation, employee performance.*

### INTRODUCTION

The revolution of information and communication technology that has occurred throughout the world, including Indonesia, has transformed the pattern of human communication into a form of global village information as predicted by Marshall McLuhan through his classical media theory. Various new technologies such as laser, fiber optic, telephone, internet and other telecommunication devices have entered the print and communication media network and which cannot be avoided.

Human resources (HR) are the most important determining factors in the structure in achieving organization goals. The purpose of founding an organization is to achieve those common goals. The survival of an organization or company is determined by the success of the organization in achieving these goals. For the success of achieving these goals, proper management and competitiveness in managing human resources is needed.

Performance is one of the conditions which need to be known to see the level of achievement of an organization. The performance assessment has been purposed to find out how good the employee is when carrying out the completion of their work. Performance assessment also has another purpose which is to identify what needs to be done in development in order to provide better results in the future.

Based on the performance reports from PT. ZTE Indonesia at the MNC project division during 2018-2019 did not achieve the predetermined target. This could be measured from the percentage of target achievement which only hit 34% in 2018 and 53% in 2019.

**Table 1. Achievement of the Employee Performance Targets at PT. ZTE Indonesia at MNC Project**

Period	Annual Target HP	HP which Reached Annually	Total Target HP	Total HP Achieved	Gap Target x Achievements	Achievement Percentage
2018	10,000	3,421	10,000	3,421	6,579	34%
2019	20,000	12,432	30,000	15,853	14,147	53%

Source: ZTE's MNC project daily progress report data (2020)

Through this phenomenon, PT. ZTE Indonesia should immediately conduct further assessment of the targets achievement which has not been filled yet. To investigate more further, the authors conducted a pre-survey of 30 employees to look for variables which had an impact on it. Based on these pre-survey results which the author conducted, it was found that compensation, work motivation and competence were thought to be the biggest factors in achieving performance at PT ZTE Indonesia. Therefore, the authors decided that they wanted to learn and organize research related to this issue with the title of "The Role of Competence, Motivation and Compensation in affecting the Employee Performance at PT. ZTE Indonesia".

## LITERATURE REVIEW

### Employee Performance

Performance is the result of work that has strong correlations with the organization's strategic goals, customer satisfaction and contributes (Armstrong & Baron in Wibowo, 2016: 7). Furthermore, Sedarmayanti (2011: 54) in Alfiyah & Riyanto (2019) revealed that the increase in employee performance could be seen from the increased achievement of organizational which succeed achieve the expected goals. To assess or achieve the expected performance, there are dimensions which set to become a benchmark, such as quality, quantity, timeliness and cooperation with others colleagues while still working. (Miner in Sudarmanto, 2015).

### Competence

According to Dessler (2016: 70) competence is a characteristic of a person that can be described, such as knowledge, skills and behaviors which earned performance and achievement. Furthermore, McClelland in Sedarmayanti (2017: 150) argue that competence is a fundamental characteristic that a person has which directly related or affects excellent performance. To fulfill the competence factor, an employee should meet the elements of knowledge, expertise and attitude. (Edison et al., 2016: 145).

### Motivation

Motivation is formed by the attitude of employees in dealing with work situations in the company. Motivation is a characteristic of human psychology that contributes to a person's level of commitment (Stoner, 2010: 18). Basically, The motivation is a mental condition which encourages someone to take action and provides the strength that leads them to achieve their needs (Gibson, 2009: 62). Based on the theory which was found by Maslow, to achieve maximum motivation in employees, basic needs are essential to reach it, such as physiological

needs, security needs, a sense of belonging needs, self-esteem needs and self-actualization needs. (Greenberg & Baron in Sutrisno, 2017: 122).

### Compensation

Compensation is an important part of human resource management. According to Kasmir (2016: 233), compensation is the remuneration provided by the company to its employees, both financial and non-financial. Panggabean in Sutrisno (2017: 181) defines compensation as a system of reward given to employees as remuneration for their contribution to the organization. Meanwhile, Sedarmayanti (2017: 263) stated if the compensation is anything that is received by employees as remuneration for their work. Mondy (2008) explained that there are two types of compensation that companies need to consider to enhance the employee performance, such as direct compensation and indirect compensation.

### Previous Research

Suhartini's (2013) research found that the indicators in competence, such as communication, cooperation, leadership and decision making based on analysis, those simultaneously show a significant impact on employee performance. Meanwhile, Windy & Hudiwinarsih's (2012) research found that motivation and compensation have an impact on the progress of employee performance.

### Conceptual Framework

Based on the background of problems, theoretical research and results of previous research, then the theoretical framework could be drawn as follows:

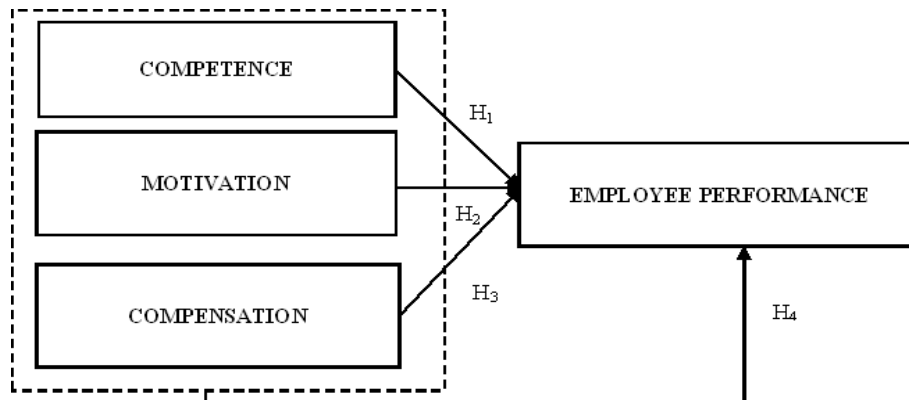


Figure 1. Conceptual Framework

### Hypothesis

According to the description of theoretical framework above, the following hypothesis in this research could be form such as:

- H1 = Competence has an impact on employee performance
- H2 = Motivation has an impact on employee performance
- H3 = Compensation has an impact on employee performance
- H4 = Competence, motivation and compensation simultaneously impact employee performance.

## RESEARCH METHODS

This research was included in quantitative research through primary data which obtained from distributing questionnaires to respondents. This research was conducted at PT ZTE Indonesia, located in South Jakarta, Indonesia. The independent variables in this research are compensation, motivation and competence. While the dependent variable is employee performance. The scale of data measurement in this research through the Likert scale. This research population was employees of PT ZTE Indonesia, with a total population of 86 employees. The sampling technique used was saturated sample, so the total sample used was 86 employees of PT ZTE Indonesia. The data analysis method that used in this research was multiple linear regression analysis to assess the research hypothesis.

## RESULT AND DISCUSSION

### Respondent Characteristics

Based on this research results, the characteristics of respondents in this research were male (55.8%), aged between 25-35 years (53.5%), had undergraduate education (88.4%) and had a length of work <5 years (52.3%). This illustrates if the majority of employees at PT ZTE Indonesia were men of productive ages and who have high knowledge, but still have a short working period. This proves that there is a need for the role of the company to further improve employee performance, particularly at those productive ages which still have a tendency to switch jobs if the company where they work does not provide the benefits that according to their expectations.

### Validity and Reliability Test

Based on these validity test results, the indicators from competence variable have an r-count value between 0.666-0.852, the indicators from motivation variable have an r-count value between 0.535-0.868, the indicators from the compensation variable have an r-count value between 0.410 -0.687, and indicators from employee performance variables have r-count values between 0.667-0.877. Because all these values of r-count > r-table (0.212), it could be said that all research indicators were declared valid.

Table 2. Validity Test Results

Variable	Indicator	r-count	Information
Competence	KPT01-KPT08	0.666-0.852	Valid
Motivation	MOT01-MOT13	0.535-0.868	Valid
Compensation	KPS01-KPS13	0.410-0.687	Valid
Employee Performance	KIN01-KIN07	0.667-0.877	Valid

The reliability test research on this research variables showed that if all variables had a Cronbach's alpha value which greater than 0.6 so they were declared as reliable.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Standard	Information
Competence	0.881	0,6	Reliable
Motivation	0.894	0,6	Reliable
Compensation	0.749	0,6	Reliable
Employee Performance	0.891	0,6	Reliable

**Classic Assumption Test**

The normality test results was indicate a normal spread of residuals, this is because the significance value was more than 0.05 (Asymp. Sig. 0.200).

**Table 4. Data Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

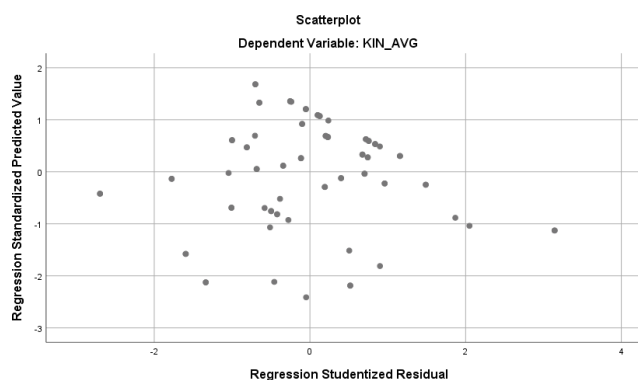
		Unstandardized Residual
N		86
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.32894370
	Most Extreme Differences	
	Absolute	.077
	Positive	.077
	Negative	-.071
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

The multicollinearity test result shows that all tolerance values were greater than 0.10 with the VIF value was smaller than 10, so it could be said if there is no multicollinearity occurred in each of independent variables.

**Table 5. Data Multicollinearity Test Results**

Model	Collinierity Statistics	
	Tolerance	VIF
(Constant)		
Competence	0.983	1.017
Motivation	0.523	1.914
Compesation	0.518	1.929

The results from the heteroscedasticity test shows that those points are spread or around the number 0, so it can be said that data is homogeneous or there are no heteroscedasticity symptoms occurred.



**Figure 2. Heteroscedasticity Test Results**

## Multiple Linear Regression Analysis

Based on the results of multiple linear regression tests through a significance level of 5%, the regression equation could be obtained as:  $Y = 1.420 + 0.348 X_1 + 0.357 X_2 + 0.684 X_3$ .

- 1) The competence variable has a significance value ( $0.001 < 0.05$ ) and the t-count was 3.543. Thus hypothesis test was accepted.
- 2) The motivation variable has a significance value ( $0.000 < 0.05$ ) and the t-count was 4.187. Thus hypothesis test was accepted.
- 3) The compensation variable has a significance value ( $0.001 < 0.05$ ) and the t-count was 5.107. Thus hypothesis test was accepted.

**Table 6. The Results of Multiple Linear Regression Analysis**

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.420	.534		2.660	.009
	Competence	.348	.098	.238	3.543	.001
	Motivation	.357	.085	.386	4.187	.000
	Compensation	.684	.134	.473	5.107	.000

Based on the F test results, it is known that the F-count value was  $26.023 > F\text{-table } 2.72$  and the significant value was  $0.000 < \alpha = 0.05$ , so it could be said if the competence, motivation, and compensation simultaneously affect the employee performance with influence value was 63.6% (R-Square = 0.636).

**Table 7. F-Test Results**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.052	3	5.351	47.704	.000
	Residual	9.197	82	.112		
	Total	25.249	85			

**Table 8. The Determination Coefficient Test Results**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0,797 <sup>a</sup>	0,636	0,622	.33491

## Inter-Dimensional Correlation

Based on the inter-dimensional correlation matrix analysis test results, it can be described that the competence variable has the closest relationship between the dimensions of Attitude and timeliness dimension from employee performance variable with the value of 0.584 (close). The motivation variable itself has a development dimension which is closely related to the employee performance variable in the quantity dimension of 0.779 (closely). Furthermore, the compensation variable through financial dimension with the employee performance variable in the timeliness dimension has the closest relationship of 0.762 (close).



Table 9. The Inter-Dimensional Correlation Test Results

Variable	Dimension	Employee Performance (Y)		
		Target (Y1)	Work Quality (Y2)	Timeliness (Y3)
Competence	Knowledge (X1.1)	0.086	-0.128	-0.049
	Skill (X1.2)	-0.127	-0.203	-0.185
	Attitude (X1.3)	.574**	.465**	.584**
Motivation	Physiological (X2.1)	.496**	.281*	.319*
	Safety (X2.2)	.627**	.497**	.454**
	A Desire to Like (X2.3)	.530**	.421**	.573**
	Self-esteem (X2.4)	.647**	.559**	.452**
	Development (X2.5)	.477**	.779**	.412**
Compensation	Financial (X3.1)	.736**	.546**	.762**
	Non-financial (X3.2)	.606**	.366*	.383**

## Disucussion

The results showed that competence has an influence on employee performance and was in line with the research by Suhartini (2013). Meaning if these variables have an impact in the effort to improve the employee performance which is determined by competence and should be an important matter for the leaders to achieve the quality and quantity which has been set by the organization. Based on the linkage between dimensions of the competency variable with employee performance, the one who has the strongest connection was the attitude dimension from the competency variable to the timeliness dimension from the employee performance variable. The behavior patterns of an employee in carrying out their duties and responsibilities are in accordance with company regulations. If the employee has the character who encourages the achievement of the organization, then automatically all tasks assigned to them would be well accomplished.

The results showed that motivation has an impact on employee performance and was in line with Windy & Hudiwinarsih's research (2012). Meaning that these variables do have a power in order to improve the employee performance which is determined by motivation and it should be an important matter for leaders to achieve the targets set by the organization. On the motivation variable; The dimension who has the strongest relationship is the dimension of the need for self-development to the quantity dimension of employee performance variables. An employee who is motivated will be energetic and enthusiastic in doing the tasks given and Conversely, employees who have low motivation will often show their discomfort and displeasure with their work. As a result, their performance is poor and the company's goals could not be achieved. This is in accordance with the motivation theory which is the basis of reference for providing motivation to certain people or groups in a business unit. Motivation could influence someone to behave well, therefore high employee motivation has directly proportional to the company performance.

The results showed that the compensation has a positive and significant impact on employee performance and was in line with Windy & Hudiwinarsih's research (2012). Meaning that these variables do have a power in order to improve employee performance which is affected by compensation and it should be an important matter for leaders to achieve the targets set by the organization. Based on the correlation between dimensions of the compensation variable with employee performance, the variable who closely related was the

dimension of financial dimension to the timeliness dimension of the employee performance variable. This means that those leaders need to be concerned about the compensation received by employees which needs to be increased, so then the performance would also increase. Based on an organizational point of view, salary or wages are powerful tools for improving employee performance so as to advance the strategic goals of the organization. Meanwhile, based on employee's point of view, the policies relating to wages, salaries and other income will affect their overall income (as well as their standard of living). (Noe, et al., 2011).

Competence, motivation, and compensation simultaneously affect the performance of employees at PT. ZTE Indonesia. To improve this employee performance, it can be done by increasing the competence of these employees through self-understanding and the values which exist in employees. In terms of motivation and compensation in improving performance, it could be done through providing motivation to employees by rewarding their work done and giving them compensation based on the results of their work, so the employees would have a feeling of satisfaction with those awards that the organization provides to employees.

## CONCLUSION AND SUGGESTION

### Conclusion

Based on the results from this research and those discussion which mentioned above, there are several conclusions that could be drawn in this research such as:

- 1) Competence has a positive and significant impact on employee performance.
- 2) Motivation has a positive and significant impact on employee performance.
- 3) Compensation has a positive and significant impact on employee performance.
- 4) Competence, motivation, and compensation simultaneously impact the employee performance.

### Suggestions

The suggestions that the author could convey based on this research are as follows:

- 1) Leaders are advised to further improve the quality of human resources so they would be included in the excellent category through competence-based on training.
- 2) The leaders should be capable to influence and motivate the employees to do the things necessary in order to achieve the goals, through employee self-development, complete facilities and infrastructure to facilitate employee work.
- 3) Companies are advised to be more attentive in providing a fair and balanced compensation by conducting an objective evaluate of each employee which is strictly based on the resulting performance and also family gatherings could also be held once in a year, both for individual employees or with their families.
- 4) To the future researchers who will conduct similar research related to which affects performance, it is suggested to add another variables outside this research such as organizational climate, organizational culture and leadership style.

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