



## EMPLOYEE PERFORMANCE AFFECTED BY COMPENSATION AND COMPETENCE IN PT COCA-COLA AMATIL INDONESIA

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**Abstract:** The purpose of this study was to determine and analyze: (1) Compensation (2) Competence; (3) Employee Performance and (3) Effect of Compensation and Competence on employee performance in the Marketing Division of PT Coca Cola Amatil Indonesia, either simultaneously or partially. The research method used in this research is a descriptive survey and an explanatory survey, the unit of analysis in this study is the employee in the Marketing Division of PT Coca Cola Amatil Indonesia with a sample of 50 people. The type of investigation is causality, and the time horizon in this study is cross-sectional. Based on the results of the study, it was found that the compensation received by employees at the Marketing Division of PT Coca Cola Amatil Indonesia in general was relatively adequate, the Competence of the Marketing Division employees of PT Coca Cola Amatil Indonesia was appropriate and sufficient to meet the needs, Employee Performance in the Marketing Division of PT Coca Cola Amatil Indonesia is high, and compensation and competence simultaneously affect employee performance in the marketing division of PT Coca Cola Amatil Indonesia. However, partially, compensation is more dominant in influencing employee performance than competence. Because compensation dominantly affects performance, it becomes the first priority in improving employee performance. Therefore, it is recommended that the Marketing Division of PT Coca Cola Amatil Indonesia be given compensation in accordance with the provisions by increasing other benefits, so that they are able to work more professionally.

**Keywords:** Compensation, Competence and Employee Performance

### INTRODUCTION

In various fields, especially organizational life, the human factor is the main problem in every activity in it. The organization is a consciously coordinated social unit with an identifiable reactive boundary, working continuously to achieve goals (Robbins, 2006). All actions taken in each activity are initiated and determined by humans who are employees of the company. The company requires the existence of potential human resource factors, both leaders and employees in the pattern of tasks and supervision which are the determinants of achieving company goals.

Human resources are a central figure in organizations and companies. In order for management activities to run well, companies must have knowledgeable and highly skilled employees as well as efforts to manage the company as optimally as possible so that employee performance increases. According to Budi Setiyawan and Waridin (2006) employee performance is the result or performance of employees who are assessed in terms of quality and quantity based on work standards determined by the organization, good performance is optimal performance, namely performance that is in accordance with organizational standards and supports the achievement of goals. organization. A good organization is an organization that seeks to improve the capabilities of its human resources, because this is a key factor to improve employee performance.

Improved employee performance will bring progress for the company to be able to survive in an unstable competitive business environment. Therefore, efforts to improve employee performance are the most serious management challenges because success in achieving the goals and survival of the company depends on the quality of the performance of the human resources in it.

Based on the results of temporary observations in the field, phenomena related to Competence and Compensation include:

- 1) There are still complaints from employees at PT Coca Cola Amatil Indonesia who feel they are underdeveloped. These are in the form of:
  - a) Leaders who only provide routine work, without providing interesting types of work for employees according to their fields.
  - b) Employees who have difficulty in carrying out their work receive less attention from their leaders and colleagues in solving their problems (work sharing).
- 2) Leaders are still lacking in creating harmonious relationships with employees, so that it seems that there is a tenuous distance, this seems to feel like they are the most important among all that exists.

**Table 1. Absence**

No.	Year	Employee Quantity	Frequency	Presentage
1	2018	135	11	8%
2	2019	135	14	10%
3	2020	130	12	9%
4	2021	132	8	6%

*source:* Marketing Division PT Coca Cola Amatil Indonesia.

- 1) There is still a lack of special attention for outstanding employees.
- 2) There are employees in the Marketing Division of PT Coca Cola Amatil Indonesia, who still neglect their work.
- 3) The Marketing Division of PT Coca Cola Amatil Indonesia is lazy with its work due to lack of understanding and no interest in learning.
- 4) Violations are still being found, whether it is a violation of late arrival to work or during working hours, the Marketing Division of PT Coca Cola Amatil Indonesia is still out of the office.

**Table 2. Lateness**

NO	Year	Employee Quantity	Frequency	Presentage
1	2018	135	20	15%
2	2019	135	15	11%

3	2020	130	13	10%
4	2021	132	9	7%

Source: Marketing Division PT Coca Cola Amatil Indonesia

There are negative factors that can reduce employee performance, including the decreased desire of employees to achieve work performance, lack of punctuality in completing work so that they do not obey the rules, influences that come from their environment, coworkers who also decrease their enthusiasm and there are no examples to be used as references. in achieving good work performance. All of this causes a decrease in employee performance at work. Factors that can be used to improve performance include Compensation and Competence.

Compensation is an expense and expense for a company. The company hopes that the compensation will get a greater achievement reward from the employees. Thus, the value of employee performance must be greater than the compensation paid by a company. Based on the explanation above, it can be explained that compensation is an important thing for its existence in a company. According to Mondy & Noe (2005), compensation is the total amount of gifts given to employees in return for their services. The same thing was also stated by Mondy (2008): "Compensation refers to every type of reward that individuals receive in return for their labor". There are various types of compensation provided in the Marketing Division of PT Coca Cola Amatil Indonesia, including financial compensation and non-financial compensation, both direct and indirect. The provision of financial compensation is regulated in applicable laws and regulations and is relatively standard in nature, so that efforts to develop financial compensation have very narrow opportunities. Compensation is an expense and expense for a company. The company hopes that the compensation will get a greater achievement reward from the employees. Thus, the value of employee performance must be greater than the compensation paid by a company. Based on the explanation above, it can be explained that compensation is an important thing for its existence in a company.

It is not only performance factors that need to be considered by organizations in order to improve the performance of their employees, but organizations must also pay attention to non-financial compensation factors. Employees can carry out their duties to the maximum, among others, determined by the motivation that encourages the employee to work well. Every employee in the Marketing Division of PT Coca Cola Amatil Indonesia is not necessarily willing to mobilize their work performance optimally, so there is still a need for incentives to want to use all their potential to work. Then, competence is considered to be another factor that affects the poor performance of employees in the Marketing Division of PT Coca Cola Amatil Indonesia. Competence comes from English competency which means skill, ability, competence and authority (Echola and Shadily, 1975:132). Competence is an ability to carry out a job or task based on skills and knowledge and supported by the work attitude required by the job (Wibowo, 2008: 86-88).

Competence as a characteristic of a person that can be demonstrated, which includes knowledge, skills and behaviors that can result in performance and achievement (Desler, 2006:70) measurable competencies, skills, and knowledge are the core of the performance management process in all companies. Job-oriented competence is an ability, behavior or skill that has been shown to cause or predict superior performance in a particular job (Rampesad, 2006: 188). Competency is a combination of skills, knowledge, and attitudes that can be observed and applied critically for the success of an organization and work performance as well as the personal contribution of employees to the organization.

## LITERATURE REVIEW

Compensation is an expense and expense for a company. The company hopes that the compensation will get a greater achievement reward from the employees. Thus, the value of employee performance must be greater than the compensation paid by a company. Based on the explanation above, it can be explained that compensation is an important thing for its existence in a company. According to Mondy & Noe (2005), compensation is the total amount of gifts given to employees in return for their services. The same thing was also stated by Mondy (2008): "Compensation refers to every type of reward that individuals receive in return do their labor"

According to Hasibuan (2007), compensation is defined into several meanings, namely:

- 1) According to William B. Werther and Keith Davis, compensation is what an employee receives in return for the work he has provided. Compensation in the form of hourly wages or periodic salaries designed and managed by the personnel department.
- 2) According to Andrew F. Sikula, compensation is anything that is constituted or considered as remuneration or its equivalent.

From the statement above, it can be concluded that compensation is an award given by the company to employees as compensation for services because the employee has contributed energy, thought and time for the company's willingness to achieve the goals that have been set. If the compensation given to employees is consistent and fair, employees will be more satisfied and motivated to achieve company goals.

The concept of competence is starting to become a trend and much discussed so that it is now very popular, especially in the "modern" multinational and national company environment. The term and concept of competency has actually been introduced by a United States management writer in the book *The Competence Manager*. In the book, Boyatzis conveys the argument that US business managers must have certain competencies if US business and economy do not want to be defeated by Japan and Europe (Ruky, 2006:103). Competence comes from English competency which means skill, ability, competence and authority (Echola and Shadily, 1975:132). Competence is an ability to carry out a job or task based on skills and knowledge and supported by the work attitude required by the job (Wibowo, 2008: 86-88). Competence as a characteristic of a person that can be demonstrated, which includes knowledge, skills and behaviors that can result in performance and achievement (Desler, 2006:70) measurable competencies, skills, and knowledge are the core of the performance management process in all companies. Job-oriented competence is an ability, behavior or skill that has been shown to cause or predict superior performance in a particular job (Rampesad, 2006: 188). Competency is a combination of skills, knowledge, and attitudes that can be observed and applied critically for the success of an organization and work performance as well as the personal contribution of employees to the organization.

The word performance is an English absorption commonly called performance. According to Robbins (2006), employee performance is a function of the interaction between ability and motivation. In the study of employee performance management, there are things that require important consideration, because basically the individual performance of an employee in the organization is part of the organization's performance, and determines the performance of the organization concerned. Success in achieving employee performance will be influenced by the level of performance of individual employees and groups. According to Mathis and Jackson (2003), performance on the basis is what employees do or don't do. The performance of these employees is able to influence how much they contribute to the organization. Where the description includes: (1) quality of output, (2) quantity of output, (3) duration of output, (4)

attendance at work and (5) cooperative attitude. So, in general it can be said that performance is a form or success of a person's work or organization in achieving its goals. Performance is organizational behavior that is directly related to the production of goods or the delivery of services. Tika (2006) explains that information about organizational performance is a very important thing used to evaluate whether the performance process carried out by the organization so far has been in line with the expected goals or not. However, in reality, many organizations lack or even not infrequently have information about performance within their organization. Performance as the results of the work function / activities of a person or group in an organization which is influenced by various factors to achieve organizational goals within a certain period of time. Meanwhile, according to Rivai and Basri (2005) performance is the willingness of a person or group of people to carry out an activity and perfect it in accordance with the responsibilities with the expected results.

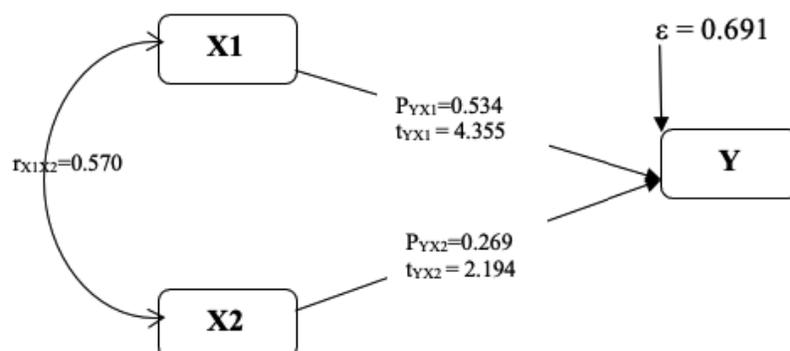
According to Bambang Guritno and Waridin (2005), performance is a comparison of the work achieved by employees with predetermined standards. Meanwhile, according to Hakim (2006) defines performance as the work achieved by an individual that is adjusted to the role or task of the individual in a company at a certain time period, which is associated with a certain value or standard measure of the company where the individual works. Performance is a comparison of the work achieved by employees with predetermined standards (Masrukhin and Waridin, 2004).

## RESEARCH METHOD

The method used in this research is the description survey and explanatory survey methods which are carried out through data collection in the field. The survey method. In the opinion of Nazir (2000), is "an investigation conducted to obtain facts from existing phenomena and seek factual information, whether about social, economic or political institutions of a group or an area". The type of investigation in this study is causality, because it will examine the causal relationship of these variables. The sample in this study were 50 employees of the Marketing Division of PT Coca Cola Amatil Indonesia who filled out a questionnaire and processed using a path analysis approach.

## FINDINGS AND DISCUSSION

The results of the study indicate that organizational climate and work motivation on employee performance can be seen from the diagram below:



Picture 1. Path Analysis Calculation Results

Based on the results of the above calculations, it can be seen that

- 1) For the first hypothesis,  $t_{\text{count}}$  is greater than  $t_{\text{table}}$  ( $4,355 > 1.68$ ). which means that compensation has an effect on employee performance
- 2) For the first hypothesis,  $t_{\text{count}}$  is greater than  $t_{\text{table}}$  ( $2.194 > 1.68$ ). which means that competence has an effect on employee performance

Then for the simultaneous effect, it can be seen that compensation and competence on employee performance together are 52.2% of which 36.7% is dominated by the effect of compensation on employee performance, and 15.42% of the influence of competence on employee performance.

## Discussion

The results of the above study indicate that

- 1) From the picture above, it can be seen that the direct contribution of compensation to employee performance is 28.5156% with a  $t_{\text{count}}$  coefficient of 4.355, while the  $t_{\text{table}}$  value at the significance level (0.05) = 1.96, because the  $t_{\text{count}}$  value  $>$   $t_{\text{table}}$ , and indirectly through the competence variable of 8.18782%. While the contribution of compensation to employee performance as a whole reached 36,7034%, it can be concluded that compensation has a significant direct effect on employee performance, this empirical evidence indicates that in an effort to improve employee performance, it is necessary to improve compensation factors, because compensation factors are closely related to improving employee performance. . The path coefficient shows a positive and significant value, meaning that the better the compensation given, the better the employee's performance. This shows that compensation has an influence on employee performance, so that the contribution of compensation is very meaningful, but there are several things that need to be considered by the agency, namely from the adequacy of salaries, adequacy of transport money, holiday allowances and adequacy of overtime pay. Meanwhile, the indirect compensation consists of the suitability of the promotion with the achievement, the suitability of the reward with the position and the suitability of the reward with the transfer. While the compensation system is one tool to motivate employees to realize the organizational goals that have been set. Compensation is generally given as a reward for individual work behavior, but can also be given to groups. The compensation system links compensation and performance not seniority or number of hours worked.

The results of the study indicate that in general the compensation received affects the performance of employees of the Marketing Division of PT Coca Cola Amatil Indonesia, however, efforts have been made, among others, to improve welfare by providing adequate incentives and awards to employees who excel, this is in accordance with Siagian's opinion. (2008: 118) as follows: "Compensation is all forms of income in the form of money and goods, directly or indirectly received by employees in return for services provided to the company, with the aim of increasing employee productivity in order to achieve a competitive advantage. In this case the Marketing Division of PT Coca Cola Amatil Indonesia carries out compensation based on employee perceptions which is divided into 2 forms, namely direct compensation and indirect compensation. From the description above, it shows that the provision of compensation has an effect on performance. This shows that the compensation given to employees of the Marketing Division of PT Coca Cola Amatil Indonesia makes a real contribution to their welfare

- 2) From the table above, it can be seen that the direct contribution of competence to employee performance is 7.2361% with a tcount coefficient of 2.194, while for the ttable value at the significance level (0.05) = 1.96, because the tcount value > ttable, and indirectly through compensation variable of 8.18782%. While the contribution of competence to employee performance as a whole reaches 15.4239%, it can be concluded that competence has a significant direct effect on employee performance, this empirical evidence indicates that in an effort to improve employee performance, it is necessary to improve competency factors, because competency factors are closely related to improving employee performance. . The path coefficient shows a positive and significant value, meaning that the better competence in the sense of forming attitudes depending on the interaction between the circumstances or environmental conditions of the work itself and from oneself will improve employee performance, as stated by Asthon (1996 b: 19) explains that competence is "The description of the knowledge, skills, attitudes and abilities of an employee to achieve the most effective performance." While Traves in Murley (1997: 21) explains that competence is "the ability of a person to use the skills possessed, in order to produce the best service performance." This is also supported by Zeithaml (1990: 21) who argues that competence is "the level of skills and knowledge possessed by an employee to be able to achieve certain service performance and produce the best service.

From the statement above, it is clear that the aspects of capability, knowledge, quality, and ability which are elements of competence are aspects used to measure employee performance. So that the Marketing Division of PT Coca Cola Amatil Indonesia allegedly still has other interests in performance appraisal, for example orientation to power, proximity to superiors, or employee loyalty to superiors that is more concerned.

## CONCLUSION

Based on the discussion of the problem, theoretical basis, empirical data analysis, Based on the results of research and observations that have been carried out, the authors would like to propose some suggestions that can be taken into consideration for the Marketing Division of PT Coca Cola Amatil Indonesia to improve Employee Performance through Compensation and Competence. These suggestions include:

- 1) Compensation improvements can be made through (1) the provision of health insurance in accordance with the rank and class as well as the ease of using and accessing the health insurance, so that employee performance will increase
- 2) Improvements in employee competence regarding the lack of managing and organizing work so that it can be completed on time; not directing partners in carrying out work and not being able to carry out all managerial tasks that are their responsibilities. Therefore, to overcome these three things, the organization should provide some kind of education and training to employees who have low competence
- 3) Improvements in employee performance, especially regarding employees who are not trying hard to improve their performance above the set standards, abilities that are still far below the standard and the quantity of work that is still below the average of other employees.
- 4) Because compensation dominantly affects performance, it becomes the first priority in improving employee performance. So PT Coca Cola Amatil Indonesia is advised to be

compensated according to the provisions by increasing other benefits, so that they are able to work more professionally.

- 5) Due to limited research time and funds, it is recommended to carry out further research, namely in exploring question data, it is necessary to do more in-depth interviews with all respondents and by multiplying the causal variables that affect employee performance.

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