

## THE EFFECT OF FINANCIAL COMPENSATION ON EMPLOYEE WORK MOTIVATION AT PT. BUMI KARSA IN MAKASSAR CITY

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### Abstract

*This study aims to determine and analyze employee work motivation at PT Bumi Karsa Makassar In connection with this, how employees can work as well as possible and employees have high motivation in completing work with the provision of compensation. So against this, this study aims to show the significance of the effect of compensation on employee work motivation. The population in this study were all employees of PT Bumi Karsa Makassar who received compensation in the form of salary, bonuses, and health benefits, totaling 60 people. The number of samples used was 60 people using saturated sampling theory. Data collection was carried out using questionnaire and documentation methods. The data analysis technique used is multiple linear regression analysis using Statistical Product and Service Solution (SPSS). The multiple linear regression equation produces the equation  $Y = 0.165 + 0.032X_1 + 0.961X_2$ . The results of this study found that compensation variables (financial and non-financial compensation) simultaneously affect work motivation and the  $F$ -Count value (4566,330) >  $F$ -Table (3.16). The results of the correlation analysis of determination ( $R$  Square) of 0.994 which shows that the compensation variable is able to contribute 99.4%. 0.6% is influenced by other variables not examined. The most dominant variable affecting motivation is the non-financial compensation variable among the two compensation variables with a  $t$ -count value (48.056) >  $t$ -table (1.672). While the financial compensation variable is influential but not significant with a  $t$ -count value (1.205) <  $t$ -table (1.672).*

**Keywords:** Financial and Non-Financial Compensation, Work Motivation

### 1. INTRODUCTION

In a company operates by combining existing resources, to produce products and services in accordance with what the company expects. On the other hand, motivation is a drive from within the employee / individual to act to achieve achievement. Employees will be motivated when they feel that success in their work will result in rewards. Based on these facts, companies are expected to design a good compensation system in order to increase employee motivation. Compensation should be designed to improve performance. Conversely, compensation that does not meet employee expectations can lead to decreased performance or increased employee turn-over. It is undeniable that companies must prepare a good compensation system for employees while not burdening the company.

Panggabean (2004: 76) classifies compensation into two groups, namely, compensation can be given in various forms, both financial and non-financial. Some financial compensation is direct and some is indirect. Direct financial compensation consists of salaries/wages and incentives (commissions and bonuses). Whereas indirect financial compensation can be in the form of various kinds of facilities and benefits. Non-financial compensation consists of work and work environment, such as interesting tasks, interesting new challenges, recognition, sense of achievement, pleasant work relatives, comfortable work environment and so on. The provision of compensation is very important for employees, because the size of compensation is a measure of employee performance. As a partner in business, resources, especially employees in the company itself, the company must be able to be fair for what human resources have given to the company, because every employee has the right to get appreciation and fair treatment from his leadership in return for the services he provides, so as to encourage employees to be more motivated at work.

To motivate employees to improve their performance, companies should use skills as the basis for calculating compensation. It is also necessary to explain to employees that the compensation given is calculated based on their skills and their ability to develop their skills to support the completion of the tasks assigned to them.

PT Bumi Karsa is a national company, a subsidiary of Kalla Group, with main business in Construction, Investment, Plant and Heavy Equipment. As a general contractor established in 1967, it specializes in road, irrigation and building infrastructure projects. PT Bumi Karsa is supported by skilled and experienced experts and supported by the most complete heavy equipment in South Sulawesi.

The following can be seen in the table of the compensation system at PT. Karsa Earth in Table 1.

**Table 1. Financial Compensation System**

Evaluated point	Level of Financial Compensation	Kompensasi	
		Direct	Indirect
0-99	1	Salary, Wages, Bonus	Health Insurance, THR
100-299	2	Salary, Wages, Bonus	Health Insurance, THR
300-499	3	Salary, Wages, Bonus	Facilities, Health Insurance, THR

*Source: PT Bumi Karsa Makassar City 2016*

As in Table 1 above, it can be seen that the Financial compensation system at PT Bumi Karsa evaluates and gives points to each employee. The point giving system is for each employee who is given duties and responsibilities by the company and the employee's work results are in accordance with or even exceed the standards set by the company then the employee will get 20 points, otherwise if the employee has been given duties and responsibilities by the company but the employee is considered not in accordance with the expectations and goals of the company then the employee does not get points. The awarding system aims to motivate employees to work as much as possible and according to company expectations in order to get higher points. From the number of points earned, employees will be compensated according to company regulations. The level of compensation between level

one to level three points is much different while the difference in compensation given at each level is almost the same, so employees who think their work results with the provision of compensation are not suitable because for employees who get points close to moving up the level in compensation will be given the same compensation as employees who get few points because the company states that they are still at the same level of compensation. Therefore, the provision of financial compensation has not been running efficiently because the level of employee satisfaction in this case has not been achieved.

If the employee's achievement is proportional to the award given by the company, the employee's motivation to improve their performance can be optimized. performance can be optimized. So in other words, if the compensation provided is in accordance with justice and employee expectations, employees will feel satisfied and motivated to continue to improve their performance.

Compensation at PT Bumi Karsa can be divided into two, namely: direct compensation in the form of salaries, wages, bonuses. 1.Salary is a service fee paid periodically to permanent employees and has a definite guarantee, 2.Wages are fees paid to daily workers based on the agreement agreed to pay them, 3.Bonus is an additional service fee given to certain employees whose performance is above standard performance.

This direct compensation (remuneration) is a right for employees and is the company's obligation to pay. Indirect compensation (indirect compensation or employee welfare) in the form of THR, BPJS Employment and official vehicles.

This compensation program differs from one company to another in terms of quantity and quality. This depends on the level of awareness of each company's leadership on the benefits of a compensation program, and also depends on the size of the company, which in this case determines the company's ability to provide proper and appropriate compensation to its employees. If this can be realized, the lives and welfare of employees will be better.

## **2. RESEARCH METHOD**

The research that the author conducted is field research, namely research conducted in a company engaged in construction. This research was conducted at PT Bumi Karsa Makassar and its nature is descriptive qualitative. The object that became the focal point in the research that the author did was the effect of financial and non-financial compensation applied by PT. Bumi Karsa Makassar. research location at PT. Bumi Karsa Makassar which is located at Wisma Kalla Lt.11 Jalan Dr. Ratulangi No.8 Makassar, with the intention of adjusting the theory that the author compiled and at the same time the formulation of the problem.

In this study the data analysis method used is descriptive qualitative. The data analysis process begins by examining all available data from various sources, including data from interviews, observations that have been written in field notes at the research location, official documents, drawings, photographs and so on. In other words, data analysis can be interpreted as a process of simplifying data in a form that is easier to understand and interpret. The data that has been analyzed will later be compiled and described by the author and then described into a logical conclusion. Where the author compares the results of interviews with the

concept of the Four Levers of Control if the management control system applied by PT. Bumi Karsa is in accordance with the Four Levers of Controls Concept, so it can be said to be effective.

### 3. RESULTS AND DISCUSSION

Descriptive analysis in this study includes an analysis of the characteristics of respondents and descriptive statistical analysis of the categories of research variables calculated based on the mean score (average), and the standard deviation value of each research variable.

Respondents in this study were all employees at PT Bumi Karsa in Makassar City, totaling 60 people. There are 4 characteristics included in this assessment, namely based on age, length of work, gender, and latest education.

**Table 3. Characteristics of Respondents Based on Age**

<b>AGE</b>	<b>Frequency (Person)</b>	<b>Percentage</b>
<b>25-35 Years</b>	<b>29</b>	<b>48</b>
<b>36-45 Years</b>	<b>17</b>	<b>28</b>
<b>46-55 Years</b>	<b>8</b>	<b>14</b>
<b>Above 56 Years</b>	<b>6</b>	<b>10</b>
<b>Total</b>	<b>60</b>	<b>100</b>

*Source: Primary data processed in 2016*

Based on Table 3, it can be explained that the most dominant number of employees are employees aged twenty-five to thirty-five years, followed by employees aged thirty-six to forty-five years. The next sequence is employees aged forty to fifty-five years and the smallest is employees over 56 years old. From this data, it can be seen that many employees are still at the age of productivity at work so that it is hoped that employees at PT Bumi Karsa in Makassar City are expected to be able to perform well at work.

**Table 4. Characteristics of Respondents Based on Tenure**

<b>Lenght Of Service</b>	<b>Frequency (Person)</b>	<b>Percentage</b>
<b>0-5 Years</b>	<b>11</b>	<b>18</b>
<b>5-10 Years</b>	<b>29</b>	<b>48</b>
<b>&gt;10 Years</b>	<b>20</b>	<b>34</b>
<b>Total</b>	<b>60</b>	<b>100</b>

*Source: Primary data processed in 2016*

Based on Table 4 above, it explains that the most dominant number of employees are employees with a service period of five to ten years, and followed by employees with a service period of more than ten years. The small number is with a tenure of less than five years. From the data on the percentage of working period above, it can be explained that most employees have taken a working period of more than five years, which means that the experience in employees at work is quite a lot. In this case, employees are expected to be able to perform well on the basis of this work experience.

Table 5. Education Background of Respondents

Last Education	Frequency	Percentage
SMA/ Equivalent	8	13
D3	10	17
S1	35	58
S2	7	12
Total	60	100

Source: Primary data processed in 2016

Based on Table 5 above, it explains that the most dominant number of employees is those with a Bachelor's degree (S1) and followed by employees with a D3 educational background. The next sequence is those with a high school / equivalent educational background, and the last is those with a Master's degree. From the data on the percentage of the last education above, it can be explained that almost all employees at PT Bumi Karsa in Makassar City have a fairly high level of education and are expected from the educational background of their employees.

Table 6. Characteristics of Respondents Based on Gender

Gender	Frequency	Percentage
Male	37	62
Female	23	38
Total	60	100

Source: Primary data processed in 2016

Based on Table 6 above, it can be explained that the most dominant number of employees is employees with male gender. Based on the data on the percentage of gender above, it is expected that employees of PT Bumi Karsa Makassar city are able to carry out the assigned tasks properly because they are supported by employees of the male gender who are generally stronger at work than employees of the female gender.

### 3.1 Validity Test

The validity test is a measuring tool that is able to show how far a measuring instrument measures what you want to measure (a valid measure if it successfully measures the phenomenon). Testing this variable uses the bivariate correlate method with a level of 5%. To find out whether it is valid or invalid by comparing  $r$  count and  $r$  table. If  $r$  count  $>$   $r$  table then the question is said to be valid, but on the contrary if  $r$  count  $<$   $r$  table then the question is invalid.



**Table 10. Validity test of the Financial Compensation variable questionnaire instrument (X1)**

Question Item	Validity Value (r-Count)
Item 1	0,784
Item 2	0,743
Item 3	0,811
Item 4	0,758
Item 5	0,609
Item 6	0,610

*Source: Primary data processed in 2016***Table 11. Validity test of Nonfinancial Compensation variable questionnaire instrument (X2)**

Question Item	Validity Value (r-Count)
Item 1	0,937
Item 2	0,899
Item 3	0,957
Item 4	0,907
Item 5	0,941
Item 6	0,895

*Source: Primary data processed in 2016***Table 12. Validity test of Work Motivation variable questionnaire instrument (Y)**

Question Item	Validity Value (r-Count)
Item 1	0,934
Item 2	0,830
Item 3	0,954
Item 4	0,904
Item 5	0,939
Item 6	0,891

*Source: Primary data processed in 2016*

From Table 10, Table 11 and Table 12 above, it shows that all question items/questionnaire statements used in the study produced an r-count value greater than the r-table. The r-table value for  $n = 60$  is 0.254, so all question items used in the research questionnaire are declared Valid.

### 3.2 Reliability Test

The technique used in measuring the level of reliability of a variable is Cronbach's Alpha to compare the alpha value with the standard. The reliability of a variable construct is said to be good if it has Cronbach's Alpha > 0.60.

**Table 13 . Reliability test results**

Variabel	Cronbach's Alpha	Description
Financial Compensation	0,807	Reliabel
Nonfinancial Compensation	0,965	Reliabel
Work Motivation	0,957	Reliabel

Source: SPSS processed data 2016

The reliability test results in Table 13 above show that all variables in this study have a Cronbach's Alpha ( $\alpha$ ) coefficient greater than 0.600 so that it can be said that all measurement concepts of each variable from the questionnaire are reliable.

### 3.3 Classical Assumption Test

#### Normality Test

The normality test is carried out to see whether in the regression model, the dependent and independent variables have a normal distribution or not. If not, the data will spread around the diagonal line and follow the direction of the diagonal line, so the regression model has normal assumptions.

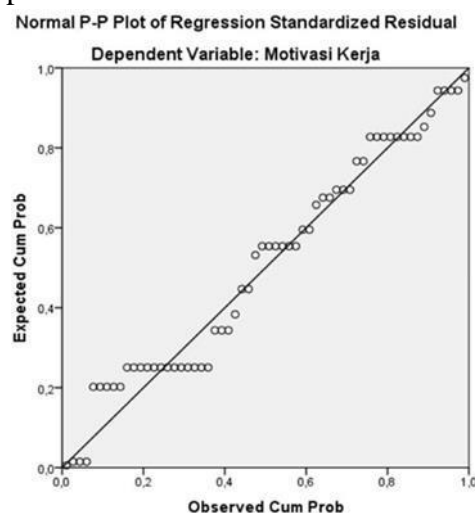


Image 5. Normality Test Results

Based on the p-plot graph in Figure 5 above, it shows the distribution (points) around the regression line (diagonal) and the distribution of data points in the direction of

following the diagonal, it can be concluded that the regression model is suitable for use because it fulfills the assumption of noormality.

### Multicollinearity Test

The multicollinearity test is used to check whether in the regression test there is a high or perfect correlation between the independent variables.

**Table 14. Multicollinearity Test Results**

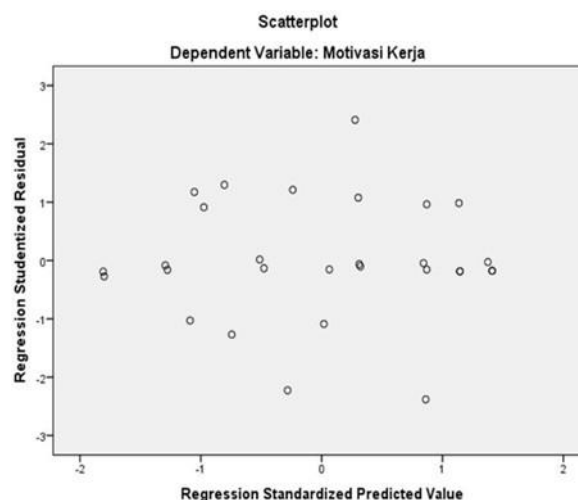
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Financial Compensation	,264	3,789
	Nonfinancial Compensation	,264	3,789

Source: SPSS processed data 2016

From the table above, the VIF value for all the independent variables studied produces a value  $<5$ . This means that there is no multicollinearity for the independent variables studied so that this research can be continued.

### Heteroscedasticity Test

Heteroscedasticity testing has the aim of testing whether in the regression model there is an inequality of variance from the residuals of one observation to another. observation to other observations. A good regression model is that heteroscedasticity does not occur and to determine whether or not heteroscedasticity occurs, you must use a scatterplot graph. If the independent variable is not statistically significant, then it does not affect the dependent variable. Then it can be concluded that there is no heteroscedasticity, and vice versa.





Based on Figure 4.3 shows that there is no clear pattern, and the points spread above and below zero on the Y axis, it can be concluded that there is no heteroscedasticity.

### Multiple Linear Regression

The Multiple Linear regression mode used is Employee Performance as the dependent variable and Compensation and work motivation as independent variables. Multiple linear regression is used to determine the effect of each dependent variable on the independent variable.

**Table 15. Multiple Linear Regression Estimation Results**

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	,165	,389		,423	,674		
Financial Compensation	,032	,027	,024	1,205	,233	,264	3,789
Nonfinancial Compensation	,961	,020	,976	48,056	,000	,264	3,789

a. Dependent Variable: Work Motivation  
Source: SPSS processed data 2016

$$Y = 0,165 + 0,032X_1 + 0,961X_2$$

- The constant value of 0.165 states that if all independent variables consisting of financial compensation and non-financial compensation do not affect or = 0, employee work motivation remains at 0.165.
- The regression coefficient value of X<sub>1</sub> of 0.032 states that every increase of 1 level of financial compensation value will increase employee work motivation by 0.032 assuming the independent variable X<sub>2</sub> does not affect.
- The regression coefficient value of X<sub>2</sub> of 0.961 states that every increase of 1 level of non-financial compensation value will increase employee work motivation by 0.961 assuming the X<sub>1</sub> variable affects.

### 3.4 Hypothesis Testing Simultaneous Test (F Test)

The f test is a test to determine the joint influence between independent variables significantly on the dependent variable. If  $F_{hitung} > F_{tabel}$  then the independent variable can explain the dependent variable simultaneously.

**Table 18. F Test Results**

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	442,969	2	221,484	4566,330	,000 <sup>b</sup>
Residual	2,765	57	,049		
Total	445,733	59			

a. Dependent Variable: Work Motivation

b. Predictors: (Constant), Nonfinancial Compensation, Financial Compensation

Source : SPSS Processed Data 2016

Based on Table 18 above, it produces an F-count value of 4566.330 and a sig value.  $\alpha$  of 0.000. Based on these results, the F-count value (4566,330) > F-table (3.16) and the sig. sig value.  $\alpha$  0,000 < 0,05. So the accepted hypothesis is hypothesis 3 (H3) which means that the independent variables consisting of financial compensation and non-financial compensation simultaneously have a significant effect on employee work motivation.

### Uji Parsial (Uji t)

Partial test (t test) is conducted to determine whether each of the independent variables partially has a significant effect on the dependent variable. If  $t_{count} > t_{table}$ , it can be concluded that the test results are significant where there is an influence between the independent variables studied and the dependent variable. studied with the dependent variable.

**Table 17. Uji-t**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	,165	,389		,423	,674
Financial Compensation	,032	,027	,024	1,205	,233
Nonfinancial Compensation	,961	,020	,976	48,056	,000

a. Dependent Variable: Work Motivation

Source: SPSS processed data 2016

Based on Table 17 above, the t-count value for the financial compensation variable is 1.205 and the sig.  $\alpha$  of 0.233. Based on these results, the t-count value (1.205) < t-table (1.672) and sig value.  $\alpha$  0,233 > 0,05. So the accepted hypothesis is the null hypothesis (H0) which means that the financial compensation variable has no significant effect on employee work motivation.

#### 4. CONCLUSION

Providing compensation both financial and non-financial to all employees of PT Bumi Karsa in Makassar City is very important so that company goals can be achieved. This study aims to determine the effect of financial and non-financial compensation on the work motivation of employees of PT Bumi Karsa Makassar City. Based on data analysis and discussion that has been done, the following conclusions can be drawn:

1. Financial compensation and non-financial compensation simultaneously have a significant effect on the work motivation of employees of PT Bumi Karsa Makassar City.
2. Financial compensation partially has a positive and insignificant effect on the work motivation of employees of PT Bumi Karsa Makassar City.
3. Non-financial compensation partially has a positive and significant influence on the work motivation of employees of PT Bumi Karsa Makassar City.
4. Non-financial compensation has the highest influence on employee work motivation.

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