

Compensation, Career Development, and Employee Performance at PT Pos Indonesia (Persero) Bandung City

R. Achmad Drajat Aji¹, Rachel Reyzak²

¹drajat.aji@widyatama.ac.id, ²achelreyzak19@gmail.com

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Abstract: This study aims to determine how the description of compensation, career development, and employee performance at Pos Indonesia (Persero) Bandung City. In addition, to find out how much influence the provision of compensation and career development on employee performance at Pos Indonesia (Persero) Bandung City. The research method used in this research is descriptive and verification methods. The population in this study were 132 employees of PT Pos Indonesia (Persero) Bandung. The sampling technique used in this study is probability sampling with simple random sampling technique, and using the Slovin formula so that the total sample size is 100 people. The analytical method used in this study is multiple linear regression analysis. The results showed that the compensation, career development, and employee performance at PT Pos Indonesia (Persero) Bandung were included in the quite good category. In addition, the results of the study indicate that compensation and career development have an effect on employee performance. The magnitude of the influence of career development in contributing to the influence of employee performance is 60.7%.

Keywords: Compensation, Career Development, and Employee Performance

1. Preliminary

Along with the times, competition in an increasingly competitive business world encourages every company to be able to improve its company's performance. Employees occupy a very important role when compared to other production factors, especially in companies that involve a lot of employees (Fawzy, 2014). Human resources are an important asset that an organization must have in achieving organizational goals, therefore employees must be used as much as possible to achieve predetermined goals (Fathoni, 2014). Currently, many companies realize that human resources are the most important company problem, because it is through human resources that causes other resources in the company to function or run (Rivai and Sagala, 2016). For this reason, it is important for companies to be able to improve employee performance in order to achieve organizational goals. Employee performance is the result produced by certain job functions or activities at certain jobs during a certain period of time, which shows the quality and quantity of the work (Bernardin and Russel, 2015). Below will be presented data regarding the performance appraisal of employees at PT Pos Indonesia (Persero) Bandung City in 2017-2019, which are as follows:

Table 1
Employee Performance Assessment of PT Pos Indonesia (Persero) Bandung City in 2017-2019

Evaluation Criteria	(%)	Year					
		2017		2018		2019	
		Score	(%)	Score	(%)	Skor	(%)
Discipline	15	90	13,50	75	11,25	70	10,50
Cooperation	15	95	14,25	85	12,75	75	11,25
Job Skills	25	85	21,25	75	18,75	70	17,50
Work Quality	25	85	21,25	75	18,25	65	16,25
Work Quantity	20	85	17,00	80	16,00	75	15,00
Jumlah	100		87,25		77,50		70,50

Source : Human Resource And Development

Based on table 1.1 above, it shows that from 2017-2019 the performance of employees of PT Pos Indonesia (Persero) Bandung has continued to decline. The performance of employees of PT Pos Indonesia (Persero) Bandung City in 2018 showed that the results of the employee performance appraisal were at least 68.50% and included in the unfavorable category. This shows that the low performance of employees is related to the lack of conformity with work completion with work targets and standards, high workloads, improper work completion and lack of employee initiative in work.

The results of the pre-survey regarding the performance of employees at PT Pos Indonesia (Persero) Bandung City, it shows that the high percentage value of respondents who answered no is above 50.00% for several statements. This is related to the suitability of job completion with work targets and standards, the large number of jobs, the time to complete the work, and the management of company resources. In addition, based on the information quoted from the article, it shows that the cause of the low performance of employees at PT Pos Indonesia (Persero) for the last 3 years can be due to the existence of disparities or gaps in salary (compensation), overtime pay that is not in accordance with the provisions, career pattern system objective and fair, as well as unprocedural layoffs. This made employees hold mass demonstrations as a form of employee disappointment. Therefore it is important for companies to pay attention to employee welfare related to compensation and career development in order to improve employee performance.

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Basically, effective and efficient compensation can directly form the stability of an organization (Fauzi, 2014). Compensation is everything that employees receive in return for their work (Handoko, 2015). Compensation is concerned with internal and external consistency. Internal consistency is related to the concept of relative payroll within the organization, while external consistency is related to the relative level of the payroll structure in an organization compared to the payroll structure that applies outside the organization (Hasibuan, 2016). One way for management to increase employee motivation and performance is through compensation. In simple terms, compensation is something that employees receive in exchange for their work (Mathis and Jackson, 2015). Based on the results of the pre-survey regarding the provision of compensation at PT Pos Indonesia (Persero) Bandung City, it shows that the high percentage value of respondents who answered no is above 50.00% for several statements. This is related to the inadequate salary received by employees, the lack of bonuses given for employee work performance, and there are still employees who have not received health insurance.

Apart from compensation, companies also need to pay attention to employee career development. Career development is one of the factors that need to be considered in managing human resources and in order to improve employee performance. Career development is the personal changes a person makes to achieve a career plan (Siagian, 2015). Development is defined as preparing individuals to assume different or higher responsibilities in the organization. Development is usually associated with increasing intellectual or emotional abilities needed to do a better job (Simamora, 2015). Based on the results of the pre-survey regarding career development at PT Pos Indonesia (Persero) Bandung, it shows that the high percentage value of respondents who answered no is above 50.00% for several statements. This is related to the employees' lack of satisfaction with their careers and positions, the company does not provide fair treatment and career equality, and sometimes appointments are not carried out according to standard procedures but because of proximity and so on.

Several previous studies related to this research have been conducted by Mafrokhah et al (2015), Endarwita and Herlina (2016), Jufrizen (2016), Nooh et al (2017), Winda et al (2017) that the results of their research show that compensation and career development have an effect on employee performance. In contrast to the results of research by Okeke et al (2019) that compensation did not have a significant effect on employee performance. Research by Napitupulu et al (2017) shows that career development has no effect on employee performance. The existence of inconsistent research results, the effect of compensation and career development on employee performance is still interesting to do research.

2. Literature review

Compensation

Compensation is everything that employees receive in return for their work (Handoko, 2015). According to Handoko (2015) states that the compensation indicators consist of:

1. Direct Compensation
 - a. Salary
 - b. Incentive

- c. Bonus
2. Indirect compensation
 - a. Payment for time off, in the form of:
 - 1) Take breaks on-the-job
 - 2) Sick days
 - 3) Vacation and leave
 - 4) Other reasons for pregnancy, accident, military service, etc.
 - b. Payment against harm, this first common form of protection against harm can take the form of:
 - 1) Life Insurance
 - 2) Health Insurance
 - 3) Accident Insurance
 - c. Employee Service Program
 - 1) Recreational programs
 - 2) Cafeteria
 - 3) Educational scholarships
 - 4) Purchase facilities
 - 5) Various other services, such as providing uniforms, transportation.

Career Development

Career development is the personal changes a person makes to achieve a career plan (Siagian, 2015). According to Siagian (2015) states that career development indicators are as follows:

1. Individual career management
 - a. Interest to be promoted
 - b. Career satisfaction
 - c. Can work with superiors
 - d. High dedication and loyalty
 - e. Good work performance
2. Institutional career management
 - a. Career equations
 - b. Superior exclusion
 - c. Promotional information
 - d. Appointment procedure
 - e. Division of tasks based on ability and authority,
 - f. Providing opportunities for a position

Employee Performance

Employee performance is the result produced by certain job functions or activities at certain jobs during a certain period of time, which shows the quality and quantity of the work (Bernardin and Russel, 2015). According to Bernardin and Russel (2015), the employee performance indicators are as follows:

1. Quality of Work
2. Work Quantity
3. Timeliness
4. Cost Effectiveness
5. Monitoring Needs
6. Interpersonal Relations

Framework

Compensation is concerned with internal and external consistency. Internal consistency is related to the concept of relative payroll in the organization, while external consistency is related to the relative level of payroll structure in an organization compared to the payroll structure that applies outside the organization (Hasibuan, 2016). One of the ways management can improve employee motivation and performance is through compensation. In simple terms, compensation is something that employees receive in exchange for their work (Mathis and Jackson, 2015). Compensation is important for employees, because with this compensation they can meet their needs directly, especially their physiological needs. However, of course, employees also hope that the compensation they receive is in accordance with the sacrifices that have been given in the form of non-financial matters, which is also very important for employees, especially for their career development (Simamora, 2015). Providing proper compensation can not only affect the material condition of employees, but can also reassure employees to work more diligently and have initiative so that it has an impact on improving employee performance. On the other hand, the provision of improper compensation will upset work enthusiasm, so that employee performance will decline.

Therefore, to improve employee performance, companies must provide appropriate compensation to employees. With the provision of compensation, the life and status of employees will be more secure in the midst of society (Ganyang and Lestari, 2013).

Development is defined as preparing individuals to assume different or higher responsibilities in the organization. Development is usually associated with increasing intellectual or emotional abilities needed to do a better job (Simamora, 2015). Career development benefits both the company and its employees. Benefits for the company, career development will ensure the availability of employees according to their competence as a support for the quality of work and use their potential in contributing to achieving company goals, while for employees, they will try to work optimally to achieve achievements in carrying out their duties, with the hope of achieving a position which is higher or better than the previous position / position. Thus, career development will affect employee performance (Harun and Elmi, 2017). Career development affects employee performance due to the desire of employees to get a higher position so that employees in this case always do work seriously so that their performance increases and gets good appraisals from the company and is promoted to certain positions (Nooh et al., 2017).

The figure below will be describing a chart of the framework of thought as a form of researcher's thought flow:

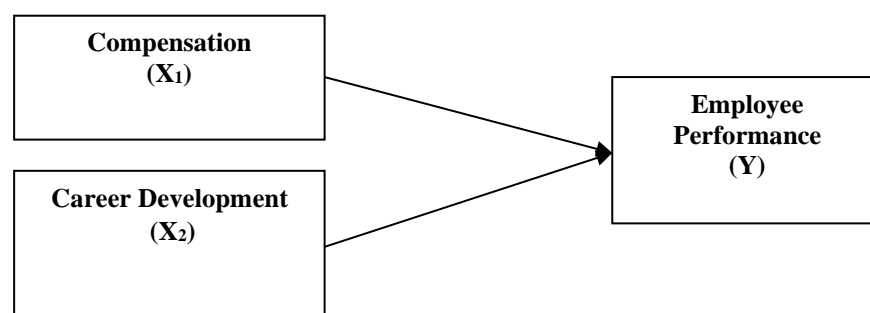


Figure 1 Framework

Based on the description in the framework of thought above, the hypothesis that is formed is as follows:

- H1: There is a significant effect of compensation and career development on employee performance
- H2: There is a significant effect of compensation on employee performance
- H2: There is a significant effect of career development on employee performance

3. Research methodology

This type of research is quantitative using descriptive and verification methods. Types and sources of data used in this study are primary data in the form of a questionnaire. employees of PT Pos Indonesia (Persero) Bandung City, amounting to 132 people. The sampling technique used in this study is probability sampling with simple random sampling method, while to calculate the number of samples using the Slovin formula so that the sample size is 100 employees of PT Pos Indonesia (Persero) Bandung City. The technique of collecting data is a questionnaire. The independent variable is compensation and career development, while the dependent variable is employee performance. The method of analysis is multiple linear regression analysis.

4. Research results and discussion

Research result

The results of data processing are shown in the table as follows:

Table 2 F Test

Model	F Value	Probability Value	Result
Compensation and Career Development	74,779 > 3,09	0,000 < 0,05	H ₃ Accepted

Source : Output SPSS Result

Table 2 shows that the F test results can be concluded that the regression model can be used. This means that there is a significant influence between compensation and career development on employee performance. The

results of this study are in line with the results of research by Winda et al. (2017), Indrasari et al. (2019), Purnama et al (2020), and Sudaryana (2020).

Table 3 Multiple Linear Regression

Model	Coefficient
Constant	0,437
Compensation	0,332
Career Development	0,485

Source : Output SPSS Result

$$Y = 0,437 + 0,332 X_1 + 0,485 X_2 + e$$

Based on table 3 above, the regression equation shows that compensation and career development have a positive influence on employee performance. This means that the higher the compensation and career development, the higher the employee's performance, and vice versa.

Table 4 Partial Hypothesis Testing

Model	t Value	Probability Value	Result
Compensation	2,515>2,048	0,018<0,05	H ₁ Accepted
Career Development	2,678>2,048	0,012<0,05	H ₂ Accepted

Source : Output SPSS Result

The results of partial hypothesis testing in Table 4 shows that compensation and career development have an effect on employee performance. The results of this study are consistent with the results of research by Winda et al (2017), Indrasari et al (2019), Purnama et al (2020), and Sudaryana et al (2020).

Table 5 Simultaneous Determination Coefficient Testing

Information	Value	Percentage
R-squared	0,607	60,7%

Source : Output SPSS Result

Based on table 5 above, it shows that the magnitude of the influence of compensation and career development on employee performance is 60.5%. This means that compensation and career development have a strong contribution to employee performance.

Table 6 Partial Determination Coefficient Testing

Model	Value	Percentage
Compensation	0,241	24,1%
Career Development	0,366	36,6%

Source : Output SPSS Result

Table 6 shows that the magnitude of the effect of compensation on employee performance is 24.1%, while the magnitude of the influence of career development on employee performance is 36.6%.

Analysis

The results of the research simultaneously show that compensation and career development have an effect on employee performance. This is because compensation is an award given by the company to employees in order to increase their motivation and performance. Compensation can lead to changes in employee behavior for the better because of the feeling of being valued by the company and the employees' expectation to get a higher level of compensation by behaving well (Wruck, 2000). The level of compensation provided by the company can increase employee competence so that company performance is higher (Grace and Khalsa, 2003). Compensation can motivate employees to make the best contribution to the company which is shown by high performance. Therefore, compensation can affect employee performance. Likewise, career development designed by the company aims to provide satisfaction and a sense of security for employees. The success of a career development program in a company will affect the sustainability of a company (O'Donnell, 2007). A good career development system will provide satisfaction for employees so that employees will feel valued and feel at home working in the company by contributing to their best performance.

The Effect of Compensation on Employee Performance

The results showed that compensation had an effect on employee performance. The magnitude of the effect of giving compensation in contributing to the influence of employee performance is 24.1%. The results of this study are supported by the theoretical basis of the previous discussion which states that compensation is related to internal and external consistency. Internal consistency is related to the concept of relative payroll in the organization, while external consistency is related to the relative level of payroll structure in an organization compared to the payroll structure that applies outside the organization (Hasibuan, 2016). One of the ways management can improve employee motivation and performance is through compensation. In simple terms, compensation is something that employees receive in exchange for their work (Mathis and Jackson, 2015).

Compensation is important for employees, because with this compensation they can meet their needs directly, especially their physiological needs. However, of course, employees also hope that the compensation they receive is in accordance with the sacrifices that have been given in the form of non-financial matters, which is also very important for employees, especially for their career development (Simamora, 2015). Providing proper compensation can not only affect the material condition of employees, but can also reassure employees to work more diligently and have initiative so that it has an impact on improving employee performance. On the other hand, the provision of improper compensation will upset work enthusiasm, so that employee performance will decline. Therefore, to improve employee performance, companies must provide appropriate compensation to employees. With the provision of compensation, the life and status of employees will be more secure in the midst of society (Ganyang and Lestari, 2013). So the higher the application of compensation, the higher the employee's performance. The results of this study are in line with the results of previous studies conducted by Sari et al (2020), Nooh et al (2017), Mafrokhah et al (2015), Enderwita and Herlina (2016), Jufrizen (2016), Fauzi (2014), Ganyang and Lestari (2013), Hameed and Mphil. (2014). The results of his research indicate that compensation has an effect on employee performance.

The Influence of Career Development on Employee Performance

The results showed that career development had an effect on employee performance. The magnitude of the influence of career development in contributing to the influence of employee performance is 36.6%. The results of this study are supported by the theoretical basis in the previous discussion which states that career development is one of the factors that need to be considered in managing human resources and in order to improve employee performance. Career development is the personal changes a person makes to achieve a career plan (Siagian, 2015). Development is defined as preparing individuals to assume different or higher responsibilities in the organization. Development is usually associated with increasing intellectual or emotional abilities needed to do a better job (Simamora, 2015). Career development benefits both the company and its employees. Benefits for the company, career development will ensure the availability of employees according to their competence as a support for the quality of work and use their potential in contributing to achieving company goals, while for employees, they will try to work optimally to achieve achievements in carrying out their duties, with the hope of achieving a position which is higher or better than the previous position / position. Thus, career development will affect employee performance (Harun and Elmi, 2017). Career development affects employee performance due to the desire of employees to get a higher position so that employees in this case always do work seriously so that their performance increases and gets good appraisals from the company and is promoted to certain positions (Nooh et al., 2017). So the higher the application of career development, the higher the employee's performance. The results of this study are in line with the results of previous studies conducted by Nooh et al (2017), Mafrokhah et al (2015), Enderwita and Herlina (2016), Jufrizen (2016), Rsoyidawaty (2018), Charity (2015). The results of his research show that career development has an effect on employee performance.

5. Conclusions and suggestions

The results show that the compensation provided by PT Pos Indonesia (Persero) Bandung is in the quite good category. Employee career development at PT Pos Indonesia (Persero) Bandung City is included in the quite good category. In addition, the performance shown by the employees of PT Pos Indonesia (Persero) Bandung is in the quite good category. The result of research that compensation and career development has an effect on employee performance. So the higher the application of compensation and career development, the higher the employee's performance.

Based on the research results, some suggestions that can be given are:

1. Compensation is an important aspect for employees, so the company needs to develop a more creative compensation program, either directly or indirectly, to motivate employees so that the performance given is even higher.
2. Direct compensation should meet regional minimum wage standards, especially for contract employees in order to motivate employees to work more actively so that they can become a habit when they are appointed as permanent employees.

3. Indirect compensation can be developed in the form of awards for best performance and family gathering programs that can increase a sense of togetherness, so that good family support will improve employee performance at work.
4. Career development programs should not only be based on tenure but also based on employee performance achievements, so as to motivate employees to improve their performance. In addition, training programs are provided regularly by applying knowledge management so that every employee has the same opportunity to improve their competence.
5. Improving employee performance can be done by managing time, workload, and responsibility with direction from the leadership so that work constraints can be handled immediately and good relations between employees and leaders can create cooperation and a conducive work environment so that the work environment is more comfortable.
6. This research can be developed by focusing research on indirect compensation in order to reduce work stress, work discipline, creating a conducive work environment, family support, and other factors in the wider area of PT Pos Indonesia (Persero).

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