The Effect of Financial Compensation and Non-Financial Compensation on Employee Work Productivity

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Abstract: This study aims to analyze the effect of financial and non-financial compensation on the work productivity of employee of PT Sumber Alfaria Trijaya TBK. This study used a quantitative approach and a cross-sectional survey method. The research objects were employees with a total of 92 respondents. Data collection techniques were observation and questionnaires with probability sampling, namely simple random sampling. Data analysis techniques using descriptive analysis and verification, coefficient of determination and regression. Hypothesis testing is done by partial test (t test) and simultaneous test (F test). The results of this study indicate that financial and non-financial compensation have an influence on employee work productivity either partially or simultaneously. Financial compensation has a greater influence than non-financial on employee work productivity.

Keywords: Financial Compensation; Non-Financial Compensation; Work Productivity

INTRODUCTION

In today's global situation, companies must be reliable and successfully employ companies. Human Resources (HR) plays an important role in driving the company's progress(Qomariah et al., 2022). Industrial development and national and international competition have become the driving force of all types of companies and are always up-to-date.

The well-being of employee is very important for the management of PT Sumber Alfaria Trijaya Tbk to maintain and improve its performance. In addition, PT Source Alfaria Trijaya Tbk also registered its employee as participants in the BPJS (Social Security Organizer Agency) and provided transport and food benefits to each of its employees. Based on the results of observations and initial research interviews at PT Sumber Alfaria Trijaya Tbk, it was found that employee work productivity was not optimal, as seen from the large number of employees who could not complete work at the allotted time. This problem can described according to measurements financial and non-financial compensation that is, there is no award or reward given to employees so result in less motivated employees to improve performance. Compensation financially in the form of allowances received each different employees, then gifts incentives that do not comply with applicable regulations. Then, the provision of non-financial compensation has not been implemented equally against employees such as opportunities for promotion to high positions, there are still employees who are not comfortable with inadequate work environment. Then there is a lack of strict sanctions from the company for employees who are not disciplined in carrying out their work, so that employee productivity decreases, this is due to the company's increased targets not being achieved.

The non-financial compensation on PT Sumber Alfaria Trijaya Tbk is sufficient(Indarto et al., 2018). That is, a pleasant working atmosphere, friendly and kind colleagues because most come from the same area, and in training (Training) for each new employee(Qomariah et al., 2022). Despite receiving financial and non-financial compensation, there are still employee whose work productivity is low and does not show improvement in performance(Riang et al., 2020). With the existence of the compensation system at

PT Source Alfaria Trijaya Tbk expects an increase in the productivity of employee(Nursaid et al., 2021). This research is also motivated by research gaps found by previous studies regarding the effect of financial and non-financial compensation on employee work productivity(Supeni et al., 2023). The company is also very enthusiastic about increasing profits through various management methods and policies. Management implements policies to achieve and avoid losses that lead to bankruptcy of the company. The policies aimed at achieving the company's goals are not necessarily in line with the government laws and regulations that apply in Indonesia(Agustin Hari et al., 2021). In this case, it becomes a very important concern for companies that are fighting for the future. According to the applicable laws and regulations, the retirement age for permanent employee is 56 years. To secure the future, the company plans early retirement in such a way that permanent employee are replaced with contract employee.

The aim of this study is to find out the financial compensation, non-financial compensation affects the productivity of employee in PT. Sumber Alfaria Trijaya Tbk?

METHOD

In this research methodology, the researchers used quantitative research methods. According to Sugiyono (2019:16) that quantitative research method is a research method based on the philosophy of positivism, used to research on a particular population or sample, the collection of data using the research instrument of data analysis is quantitatively or statistically in order to test the hypothesis that has been established. In this study, the type of research method used is a descriptive and associative method of survey, a sample used by 92 respondents.

A research plan or research plan is where the researcher replaces research in PT. Sumber Alfaria Trijaya Tbk (Iskandar Muda Group). City of Tangerang Banten 15128.

Research design

In this research, the type of research method used is a survey method that is descriptive and associative of causal relationships. however, the writer will conduct research in data collection, for example distributing questionnaires, interviews, structured, and some of them.

Population, Sample, Sampling

The population in this study at PT Sumber Alfaria Trijaya Tbk (Iskandar Muda group) is 120 employee. In this study, using samples from the entire population at PT. Sumber Alfaria Trijaya Tbk (Iskandar Muda Group), totaling 120 employee, calculated using the slovin formula, so the number of samples in this study were 92 respondents.

RESULTS AND DISCUSSION

Table 1: Statistics

	Financial Compensation	Non Financial Compensation	Work Productivity
Valid	92	92	92
Missing	0	0	0
Mean	43.04	44.43	42.59
Std. Deviation	4.281	3.090	3.713
Range	22	12	16
Minimum	28	38	34
Maximum	50	50	50

Descriptive statistical analysis is used to describe the research object through sample data, in this study using independent variables of financial and non-financial compensation, while the variable depends on the productivity of employee work.

The lowest percentage score is 28 and the highest is 50. Thus, the range of scores that appear is 22 (50-28). These numbers are then analyzed and the result is: the average score (mean) is 43,04, while the standard deviation is 4,281. The lowest non-financial compensation score percentage is 38 and the highest is 50. Thus, the range of scores that appear is 12. (50-38). These numbers are then analyzed and the result is: the average score (mean) is 44,43, while the standard deviation is 3,090. The worker's lowest score percentage score is 34 and the highest score is 50. Thus, the range of scores that appear is 16 (50-34).

These figures were then analyzed and the result was: the average score (mean) was 42.59, while the standard deviation was 3.713.

Table 2: Coeficient Multiple Regresion Analysis

Model	Unstandarized Coeficient		Standarized Coeficient	t	Sig
	B	Std.error	Beta		
Constant	11.050	4.479		2.467	.016
Financial Compensation	.431	.079	.497	5.453	.000
Non-Financial Compensation	.292	.110	.243	2.665	.009

Mulltiple regression is a regression model or prediction that involves more than one free variable or predictor. Double regression is a technique for determining the correlation between a financial compensation variable with a combination of two or more non-financial variables. In double regression, prediction errors can be minimized, because in prediction it is filled with other variables (factors) that affect the prediction process. The general form of this double regression analysis according to Sugiyono (2019:258).

$$\hat{Y} = a + b_1X_1 + b_2X_2 + \mathcal{E}$$
$$Y = 11.050 + 0,431X_1 + 0,292X_2 + e$$

The constant value of 11,050 states that if the value of the independent variable, financial compensation and non-financial compensation, is equal to zero, then the variable value is bound, that is, employee labor productivity is 11,050. The value of the variable regression coefficient of Financial Compensation is 0.431 which means that each increase of the financial compensation by 1 unit will increase employee productivity by 0.431. The variable regression coefficient of Non-Financial Compensation is 0.292, which means that every increase in non-financial compensation by 1 unit will increase employee productivity by 0.292.

Table 3: R Square

Model	R	R square	Adjusted R square	Std.error of the estimate
1	.647[a]	.418	.405	2.864

It is used to determine the percentage contribution of the influence of the independent variable simultaneously to the dependent variable. The formula for finding a determination coefficient with three independent variables is.

$$K_d = r^2 \times 100\%$$

The Adjusted R Square value of 0.405 is then multiplied by 100% according to the determination coefficient test formula ($r2 \times 100\%$), so that the result is 40.5%. Thus, the size of the contribution of financial and non-financial compensation to employee productivity was 40,5% while the remaining 59,5% was influenced by other variables not studied.

Tabel 4: Parsial Test (Test t)

Model	Unstandarized Coeficient		Standarized Coeficient	t	Sig
	B	Std.error	Beta		
Constant	11.050	4.479		2.467	.016
Work Experience	.431	.079	.497	5.453	.000
Career Development	.292	.110	.243	2.665	.009

The t test results are used to determine the influence of a partially free variable or its own on a bound variable. The hypothesis in the t test is "if the tcount < ttable and the Sig value < a (0.05), then H0 is

accepted and Ha is rejected, which means that the independent variable (X) partially has no effect on the independent variable (Y). However, if tcount > ttable and Sig value > a (0.05) then Ha is accepted and H0 is rejected, which means the independent variable (X) partially affects the dependent variable (Y).

The amount of the financial compensation (X1) of 5,453 is greater than the t of Table 1,986, so it can be concluded that the monetary compensation has a positive and significant impact.The amount of non-financial compensation (X2) of 2,665 is greater than the t of Table 1,986 so that it can be concluded that non-Financial Compensation has partly a positive and significant impact.

Thus the second hypothesis that states: There are Positive and Significant Non-Financial Effects on Employee Productivity in PT Sumber Alafria Trijaya Tbk, at a confidence gap of 95%.

Tabel 5: Simultant Test (Test F)

ANOVA					
Model	Sum Of Square	Df	Mean Square	F	Sig
Regression	524.310	2	262.155	31.962	.000[b]
Residual	729.995	89	8.202		
Total	1254.304	91			

The test is used to find out the influence between the independent and dependent variables as a whole or simultaneously, performed by comparing the calculation with the ftable with the two-sided test and the significant level of 0,05

In column F obtained a calculation of 31,962 larger than the Ftable of 3,097 (ftabel attached), or by comparing the probability value (sig.F change) = 0,000 < 0,05, then the decision is Ho rejected and Ha accepted.

Thus, there is a significant impact of financial and non-financial compensation on employee productivity in PT. Sumber Alfaria Trijaya Tbk.

CONCLUSION

Simultaneously the variables of Financial and Non-Financial Compensation have a positive and significant effect on the performance of employees of PT Sumber Alfaria Trijaya Tbk. This is proven by testing the hypothesis that the Fcount value is 31.962 > Ftable of 3.097 (F table attached), or by comparing the probability value (sig. F change) = 0.000 <0.05, the decision is Ho is rejected and Ha is accepted. By accepting Ha, it proves that financial and non-financial compensation simultaneously have a significant influence on the work productivity of employees of PT Sumber Alfaria Trijaya Tbk.

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