

The Role of Compensation On MSME Peformance

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Abstract

The purpose of this study is to look at how salary affects employee performance at PT CIMB Niaga in Surabaya. Data were gathered via questionnaires sent to 32 division employees. Data analysis utilizing linear regression and statistical testing reveals that the independent variable, salary, has a considerable positive impact on employee performance. Fair and appropriate remuneration, good motivation. These results give information for businesses to design more effective human resource management methods to boost employee performance.

Keywords: Compensation, Motivation, Work Motivation, Employee Performance, PT CIMB Niaga

Introduction

Employees are one of the most essential variables in determining a company's success. Companies must generate exceptional personnel as part of their business operations to promote corporate growth. High employee performance enables firms to fulfill their vision and goal. Achieving your vision and purpose entails managing prospective talent to enhance performance. To develop great personnel, businesses must also apply effective human resource management practices. However, in aiming for high and optimum staff performance, it becomes clear that there are still several challenges and impediments that prevent the organization from attaining its unique business objectives. In many occasions, failures occur inside the organization and affect its personnel. Employee performance is inextricably linked to organizational performance, whether good or negative, hence employee performance concerns must be properly handled. Companies expect people to succeed based on their talents, motivation, and assistance (Suryanto, 2022). People are a company's or organization's most valuable resource; they provide their energy, skills, creativity, and effort to the organization (Suganda, 2023).

Companies that wish to expand need skilled employees. Employees may be considered the least crucial component of an automated customer service system, but they are also the most human element. Many firms are employing technology to discover that their clients want to be able to contact and speak with someone. Furthermore, without strong customer-employee interactions, client retention is impossible to attain. PT CIMB Niaga, one of Indonesia's major banks, has been in operation since 1755. With a number of locations across Indonesia, CIMB Niaga plays a significant role in delivering banking services to diverse consumer groups.

Literature Review

Compensation

Compensation is a crucial aspect in determining how and why people work in a company. Employers must be competitive enough in terms of incentives to attract, retain, and reward everyone in their company (Saepudin, 2022). Employee salary has a significant influence on job performance, job satisfaction, and work drive. Compensation that addresses workers' basic necessities motivates them (Kurhayadi, 2023).

Employee Performance

Employee performance refers to an individual's contribution to an organization's ability to execute its responsibilities and commitments by attaining its objectives. Employee performance is enhanced by the process of people doing tasks based on their talents, job motivation, and the possibilities available to them for optimal performance (Yusuf, 2023). Organizations are often interested in assessing performance based on the following dimensions: Financial flows are analogous to the movement of blood in the human body. The financial component is an essential factor to consider when judging success. Customer Satisfaction When the demand for quality services rises, firms must constantly provide quality services (Kushendar, 2022).

Methods

This study used a quantitative research approach, with data analysis performed using Microsoft Excel Data Analysis. Quantitative research enables researchers to gather data in the form of numbers and statistics that can be studied methodically. In the framework of this study, data from 32 respondents will be analyzed using Microsoft Excel software to conduct detailed statistical analysis. This study takes a quantitative approach, using data collected via shared Google forms. (Kushendar, 2021).

Results and Discussion

Research Results

Reliability Test

The study used the F-Test Two-Sample to analyze the relationship between compensation factors, employee motivation, and performance at PT CIMB Niaga in Surabaya. Table shows a comparison of factors X1 (compensation) and X2 (motivation).

Table 1 shows the reliability test findings for compensation and incentive factors.

F-Test Two-Sample for Variances		
	Variabel 1	Variabel 2
Mean	3.632756	3.633727
Variance	0.20667	0.105231
Observations	32	27
df	33	26
F	1.769259	
P (F,= f) one-tail	0.036303	
F Critical one-tail	1.761722	

Source: Microsoft Excel Processing Results (2024)

Fair remuneration is essential for encouraging workers. Employees who believe they are being rewarded fairly for their efforts are more likely to perform well. Competitive pay and other incentives encourage workers to meet their performance objectives. They feel valued and recognized for their work, which motivates them to do their best (Saepudin, 2023).

Compensation considerations like as salary, incentives, and perks are major motivators for workers. Competitive wage is a fundamental component of remuneration that may boost performance. Bonuses based on meeting performance objectives give extra motivation to improve outcomes. Benefits like health insurance or holiday allowances may also improve employee happiness, which can be reflected in their performance (Yusuf, 2023)

In contrast, poor remuneration may have a detrimental influence on employee motivation and performance. Employees who believe they are not being paid fairly may lose motivation and job satisfaction. This may result in lower productivity, higher absence rates, and even excessive staff turnover. To sustain high levels of employee engagement and performance, firms must guarantee that their remuneration systems are fair and transparent (Kushendar, 2022).

Rewards can play a vital part in employee motivation. Rewards might be in the form of praise, acknowledgment, or cash incentives. When workers feel appreciated and recognized for their accomplishments, they are more driven to perform well. Consistent and fair rewards help foster a healthy company culture and boost performance. The impact of remuneration, motivation, and motivation on employee performance is an essential part of this study. The three interact with one another and may have a combined impact on employee performance (Ahyat, 2023).

First, excellent remuneration, positive motivation, and strong motivation may all improve employee performance. Employees who believe they get fair and reasonable remuneration are more pleased and driven to perform better. Comfortable, safe, and positive motivation may also boost employee well-being and performance. High motivation, whether derived from inner or external reasons, tends to boost employee productivity and devotion to their jobs.

Second, it is critical to detect patterns in the combinations of these factors that provide the greatest outcomes. Research may help identify the most successful patterns for boosting employee performance. For example, if workers who are well compensated, motivated, and have great intrinsic motivation outperform those who simply have one or two of these characteristics. This may help businesses create more successful strategies (Ahyat, 2023)..

Conclusion

The findings of this study suggest that salary and motivation have a substantial impact on the performance of PT CIMB Niaga workers in Surabaya. Data research revealed that these three factors have a positive and substantial link with employee performance. Fair and appropriate remuneration incentivizes individuals to perform better. Employees who believe they are compensated fairly for their efforts tend to perform better. Compensation considerations like as salary, bonuses, and perks all have an impact on employee performance, with compensation being one of the most influential. Positive connections among coworkers, good communication, and fair treatment all lead to improved performance. Work motivation has a substantial impact on employee performance. Employees with strong intrinsic and extrinsic drive tend to perform better. Opportunities for advancement, as well as acknowledgment and support from colleagues and superiors, all contribute significantly to increased job motivation.

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