

THE EFFECT OF COMPENSATION ON EMPLOYEE PERFORMANCE AT PT JOYCI NUSANTARA CEMERLANG

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Abstract

PT Joyci Nusantara Cemerlang is a company engaged in the food industry, specifically in the production of dry cookies. In its production process, employees play an important role in maintaining product quality and ensuring smooth operations. However, based on pre-survey results and interviews, it was found that the compensation received by employees did not fully meet the Bandung Regency Minimum Wage Standard, along with a decline in performance in several aspects. This study aims to analyze the effect of compensation on employee performance. The research method used is a qualitative approach quantified into quantitative data. Data were collected through questionnaires distributed to 50 respondents and analyzed using descriptive analysis, simple linear regression test, correlation coefficient, determination, and t-test. The results show that compensation falls into the "Fair" category with an average score of 3.02, while employee performance is also in the "Fair" category with an average score of 3.19. Partially, compensation has an effect on employee performance with a t-value of 4.537 > t-table value of 1.677 and a significance level of 0.000. The coefficient of determination (R^2) of 0.300 indicates that compensation contributes 30% to employee performance, while the remaining 70% is influenced by other factors not examined in this study.

Keywords: Compensation, Employee Performance, PT Joyci Nusantara Cemerlang

Abstrak

PT Joyci Nusantara Cemerlang adalah perusahaan yang bergerak di bidang industri makanan, khususnya dalam produksi kue kering. Dalam proses produksinya, karyawan memainkan peran penting dalam menjaga kualitas produk dan memastikan kelancaran operasional. Namun, berdasarkan hasil pra-survei dan wawancara, ditemukan bahwa kompensasi yang diterima karyawan belum sepenuhnya memenuhi Standar Upah Minimum Kabupaten Bandung, disertai dengan penurunan kinerja pada beberapa aspek. Penelitian ini bertujuan untuk menganalisis pengaruh kompensasi terhadap kinerja karyawan. Metode penelitian yang digunakan adalah pendekatan kualitatif yang dikuantifikasi menjadi data kuantitatif. Data dikumpulkan melalui kuesioner yang dibagikan kepada 50 responden dan dianalisis menggunakan analisis deskriptif, uji regresi linier sederhana, koefisien korelasi, koefisien determinasi, dan uji-t. Hasil menunjukkan bahwa kompensasi masuk dalam kategori "Cukup" dengan skor rata-rata 3,02, sedangkan kinerja karyawan juga berada dalam kategori "Cukup" dengan skor rata-rata 3,19. Secara parsial, kompensasi berpengaruh terhadap kinerja karyawan dengan nilai t sebesar 4,537 > nilai t tabel sebesar 1,677 dan tingkat signifikansi 0,000. Koefisien determinasi (R^2) sebesar 0,300 menunjukkan bahwa

kompensasi berkontribusi sebesar 30% terhadap kinerja karyawan, sedangkan 70% sisanya dipengaruhi oleh faktor-faktor lain yang tidak diteliti dalam penelitian ini.

Kata kunci: *Kompensasi, Kinerja Karyawan, PT Joyci Nusantara Cemerlang*

Introduction

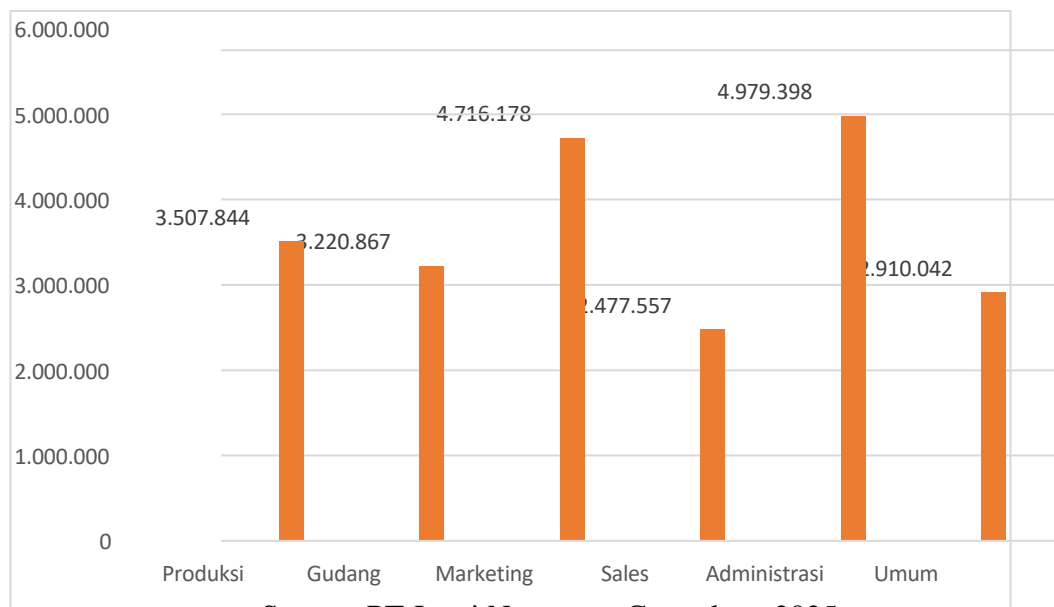
Nearly every aspect of human life has been transformed by the era of globalization, particularly in the areas of business and human resource management. Rapid globalization has enabled companies worldwide to interact freely with each other, compete, and share resources easily and quickly. Globalization has brought significant challenges such as increased competition, changes in consumer needs and preferences, and technological advances that require businesses to continuously innovate. It also offers significant opportunities for businesses to expand and increase their profits. According to Wæraas & Byrkjeflot, (2012) human resources are the resources within an organization and are the main component that drives all its components. High-quality human resources are a prerequisite for organizational success. However, human resource (HR) management is a major challenge in facing globalization. Competent and competitive human resources are crucial for business success. Companies must ensure that employees possess relevant skills, are able to adapt to technological changes and market trends, and are able to work together to achieve company goals due to the increasing demands of the global market. The products and services offered aren't the only factors that determine success; how a company manages and empowers its employees is also crucial. In-depth knowledge, strong technical skills, and the ability to adapt quickly are key to long-term success.

Businesses can gain an edge in the global marketplace with intelligent, creative, and motivated human resources. Therefore, businesses must focus on developing human resources that can best achieve their strategic goals. According to Seeling et al., (2021), employee performance depends on many factors, including the individual employee (internal factors), the company's environmental conditions (external factors), and company strategy. Employee performance is a key factor in determining a company's success. High-performing employees will make a positive contribution to achieving company goals. According to Uche & Uche, (2025), compensation is a way to reward employees based on how well they work to achieve organizational goals. Compensation is usually given in the form of additional money or other benefits over a certain period of time. Compensation that is too low can lead to employee dissatisfaction, while compensation that is too high without careful calculation can burden the company's finances. Therefore, it is important for companies to design compensation strategies that are not only competitive but also sustainable, in accordance with the company's financial

condition. Understanding the importance of compensation in improving employee performance, companies can optimize reward policies to achieve their business goals .

This research was conducted at PT Joyci Nusantara Cemerlang, a food industry company, including in the pastry business. Employees play a crucial role in ensuring smooth operations and product quality . Pastries are not just food, but also a creative and seasonal industry, often very popular in Indonesia during Eid al-Fitr and Christmas. Pastries are often seen as a symbol of festivity and warmth within family and friends. They are enjoyed not only by children but also by adults due to their diverse flavors and ease of access. PT Joyci Nusantara Cemerlang (Jnc cookies) is a company engaged in the field of producing cookies which was founded in 1996. This company is committed to offering halal products and fulfilling... international safety standards. The company's vision is to become a leader in the Indonesian food industry through its pastry business. Their mission includes empowering local communities, broad market penetration, using local raw materials, and continuing to innovate in products and services. JNC also partners with distributors and agents to expand product reach in various regions in Indonesia. JNC produces pastries such as Chocolate Chip Cookies, Cheese Cookies, Peanut Cookies, Oatmeal Cookies, and so on. Seeing the declining condition of employee performance at PT Joyci Nusantara Cemerlang through interviews with HRD, it was reported that there was a problem regarding compensation given to employees with the average amount of compensation below the Bandung Regency/City Minimum Wage.

Figure 1. Average Monthly Compensation Amount



Source: PT Joyci Nusantara Cemerlang 2025

The graph above shows the average compensation by division or department at PT Joyci Nusantara Cemerlang. The graph lists the compensation amount in rupiah on the vertical axis

and the division category on the horizontal axis. The UMK of Bandung City in 2025 has increased by 6.5%, according to the Decree of the Governor of West Java Number 561.7/kep.798-Kesra/2024 concerning the Minimum Wage of Bandung Regency/City in the Province of West Java in 2025. Based on the Decree of the Governor of West Java, the Minimum Wage of Bandung City as of January 1, 2025 reached IDR 4,482,914 while in Bandung Regency in 2025 Rp. 3,736,741. However, some companies still provide substandard compensation, which can impact employee performance. The following is compensation data for employees at PT Joyci Nusantara Cemerlang, located on Jl. Bojong Koneng Atas, Bandung Regency.

Research Method

Study this, researcher use method study qualitative quantified because in the research This use modified ordinal scale become scale interval using *Method of Successive Interval* (MSI). Using approach study descriptive and verifiable, namely regarding with question from formulation problem that explains connection causal to variables free and bound. Population in study This is employee remains PT Joyci Nusantara Cemerlang with total of 100 employees fixed. Based on results sample, can concluded that samples in research This totaling 50 respondents. Retrieval technique sample This using Stratified Random Sampling according to Mendenhall in Moniruzzaman Sarker & AL-Muaalemi, (2022) to separate component or component become groups that do not overlapping overlap, then take sample random simple from each stratum. According to Moniruzzaman Sarker & AL-Muaalemi, (2022) state that before something test or type instrument used For measure draft about something object research , then researchers must know its validity with validity test method from instrument Can use technique *product moment correlation*. According to Creswell & Poth, (2017) Analysis linear regression , namely technique analysis used For know How many big connection variables free to variables bound , in study This regression used is simple linear regression Because only there is One variable X , namely compensation to One variable Y , namely performance employee.

Results and Discussion

Simple linear regression test is used to determine the direction of the relationship between one independent variable and one dependent variable.

Table 1. Simple Linear Regression Test Results
COEFFICIENTSA

MODEL		Unstandardized Coefficients		Standardized Coefficients	T	SIG.
		B	Std. Error	Beta		
1	(Constant)	31,176	,957		32,588	,000
	X	,235	,052	,548	4,537	,000

a. Dependent Variable: Employee Performance

Source: Processed by Researchers 2025

$$Y' = 31.176 + 0.235X$$

Based on Table 4.29 above, the results of the regression model show that:

1. a = Constant 31.176 means that if the independent variable, namely compensation, is considered to have a value of 0, then the dependent variable, Employee Performance, has a value of 31.176.
2. If the variable (X) Compensation is 0.235, it states that every additional score or compensation value will increase the variable (Y) Employee Performance by 0.235.

The correlation coefficient test is used to determine the closeness of the relationship between variables. The correlation value (r) ranges from 0 to 1. The closer it is to 1, the stronger the relationship. Conversely, the closer it is to 0, the weaker the relationship.

Researchers used *Pearson Product Moment calculations* obtained from SPSS version 27 with the following results:

Table 2. Correlation Coefficient Test Results

Correlations			
		Compensation	Performance Employee
Compensation	Pearson Correlation	1	,548 **
	Sig. (2-tailed)		,000
	N	50	50
Employee performance	Pearson Correlation	,548 **	1
	Sig. (2-tailed)	,000	
	N	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Processed by Researchers 2025

Based on table 2, the calculation results using Pearson correlation are as follows: value between the compensation variable and employee performance of 0.548 indicates that the

relationship between compensation and employee performance is in the "Moderate" category (Nugroho & Haritanto 2022:134). The coefficient of determination (r^2) test is used to determine the percentage contribution of the independent variable to the dependent variable. The researcher used SPSS version 27 with the following results:

Table 3. Results of the Determination Coefficient Test
MODEL SUMMARY

MODEL	R	R Square	Adjusted Square	STD. ERROR OF THE ESTIMATE
1	,548a	,300	,286	1.07408
A. PREDICTORS: (CONSTANT), X				
B. DEPENDENT VARIABLE: Y1				

Source: Processed by Researchers 2025

Based on Table 3, it can be seen that the R square is 0.300 or 30%, which shows that compensation contributes to employee performance at PT Joyci Nusantara Cemerlang, while the remaining 70% is influenced by other factors not examined in this study, for example, the level of work stress, work motivation, discipline, and so on. The t-test is conducted to determine the significance of the independent variable on the dependent variable. This can be proven by comparing the calculated t-test value with the t-table value, or by looking at the significance value calculated from SPSS version 27, as follows:

a. Hypothesis determination:

$H_0: \beta_1 = 0$ means there is no influence of compensation on the performance of PT Joyci Nusantara Cemerlang employees.

$H_a: \beta_1 \neq 0$ means that there is an influence of compensation on the performance of PT Joyci Nusantara Cemerlang employees.

The results of the t-test were carried out using SPSS version 27, as follows:

Table 4. T-Test Results
COEFFICIENTS

MODEL		Unstandardized Coefficients		Standardized Coefficients	T	SIG.
		B	Std. Error	Beta		
1	(Constant)	31,176	,957		32,588	,000
	X	,235	,052	,548	4,537	,000

Source: Processed by the author 2025

Based on the results of the t-test above, it shows that the value of the compensation variable with a t-count of $4.537 > 2.010$ t-table with a significance value of $0.000 < 0.05$, it can

be concluded that: H₀ is rejected and H_a is accepted, which means there is an influence between compensation on employee performance. It can be seen that the calculated t value is in the rejection area of H₀, thus it can be stated that the significance level of 5% is concluded that compensation has an effect on employee performance.

The discussion of these research findings indicates that compensation has a significant influence on employee performance, both statistically and practically in the context of human resource management. The results of the simple linear regression analysis yielded the equation $Y' = 31.176 + 0.235X$, indicating that every increase in compensation is followed by a 0.235-unit increase in employee performance. The constant value of 31.176 illustrates that even without any additional compensation, employee performance remains at a certain level influenced by factors outside the scope of the study. However, the presence of a positive regression coefficient indicates that compensation acts as a driving factor capable of tangibly improving work performance. This finding aligns with the theory proposed by Sinambela (2021), who states that compensation is one of the primary instruments in motivating employees to achieve optimal performance.

Conceptually, compensation is not merely understood as financial rewards but also encompasses various forms of non-financial recognition, such as acknowledgment, career development opportunities, and a supportive work environment. From a human resource management perspective, compensation functions as a strategic tool for attracting, retaining, and motivating employees (Dessler, 2020). Therefore, an increase in compensation value will directly impact an increase in work motivation, which ultimately leads to improved employee performance. This is also supported by Karim's (2024) research, which states that a fair and competitive compensation system can significantly enhance employee productivity.

The results of the Pearson correlation test showed a value of 0.548, which falls into the moderate relationship category. This indicates that there is a fairly strong relationship between compensation and employee performance, although it is not entirely dominant. This means that compensation does play a role in improving performance, but it is not the sole determining factor. In this context, work motivation theories, such as Herzberg's two-factor theory of motivation, explain that compensation falls under hygiene factors that can prevent job dissatisfaction; however, achieving high job satisfaction requires other motivator factors such as achievement, recognition, and responsibility (Robbins & Judge, 2017). Thus, the results of this study reinforce that compensation makes an important contribution, but it must be supported by other factors so that employee performance can improve optimally.

A coefficient of determination of 0.300, or 30%, indicates that compensation accounts for 30% of the variation in employee performance at PT Joyci Nusantara Cemerlang. Meanwhile, the remaining 70% is influenced by other variables not examined in this study, such as work motivation, job satisfaction, work environment, leadership, and work-related stress levels. This indicates that employee performance is a multidimensional phenomenon influenced by various internal and external factors. According to Mangkunegara (2017), employee performance is influenced by ability and motivation, where compensation is one of the factors affecting that motivation. Therefore, organizations need to manage these various factors simultaneously to achieve optimal performance.

The t-test results show that the calculated t-value of 4.537 is greater than the critical t-value of 2.010, with a significance level of 0.000, which is less than 0.05. This indicates that compensation has a significant effect on employee performance; thus, the alternative hypothesis (H_a) is accepted and the null hypothesis (H_0) is rejected. Statistically, these results indicate that the relationship between compensation and performance is not coincidental but is grounded in strong empirical evidence. This finding is consistent with previous research conducted by Hasibuan (2019), which stated that compensation has a significant influence on employee performance as it enhances work motivation and loyalty to the organization.

In a practical context, the results of this study provide important implications for corporate management, particularly in designing an effective compensation system. A good compensation system must fulfill the principles of equity, adequacy, and competitiveness. Equity in compensation involves a balance between workload and the rewards received, ensuring employees feel valued for their contributions. Adequacy relates to the compensation's ability to meet employees' living needs, while competitiveness pertains to the company's capacity to offer compensation that is comparable to or better than that of other companies. According to Mathis and Jackson (2018), an effective compensation system will increase job satisfaction and ultimately lead to improved overall organizational performance.

Additionally, it is important to consider that employees' perceptions of compensation also influence its effectiveness. If employees feel that the compensation provided is unfair or does not align with their contributions, this can reduce motivation and performance. Conversely, compensation perceived as fair will enhance organizational commitment and employee performance. This aligns with Adams' equity theory, which states that individuals compare their input-output ratios with others, and perceived unfairness triggers dissatisfaction (Robbins & Judge, 2017).

The findings of this study also indicate that while compensation has a significant influence, its contribution of only 30% highlights the need for a more comprehensive approach to improving employee performance. Other factors such as intrinsic motivation, transformational leadership, organizational culture, and a conducive work environment must be seriously considered. Research by Armstrong (2020) confirms that effective performance management must encompass various aspects, including competency development, effective communication, and the provision of constructive feedback.

In the context of PT Joyci Nusantara Cemerlang, the findings of this study can serve as a basis for evaluating and improving the existing compensation system. The company must ensure that the compensation provided is not only competitive but also capable of sustainably enhancing employee motivation and performance. Additionally, the company needs to develop a more holistic human resource management strategy by considering other factors that influence performance. Thus, it can be concluded that compensation is an important factor that significantly influences employee performance, but it is not the sole determining factor. Therefore, the company needs to integrate various human resource management strategies to achieve optimal performance. This study makes an important contribution to understanding the relationship between compensation and employee performance, and provides a foundation for the development of more effective policies in human resource management.

Conclusion

Based on the results of descriptive analysis, it is known that compensation at PT Joyci Nusantara Cemerlang is in the "Less Good" category with an average score of 3.02, where the highest score is in the Benefits dimension (especially health insurance benefits) of 3.90 which is classified as "Good", while the lowest score is in the Incentive dimension, namely 2.52 which is included in the "Not Good" category, indicating that the company rarely provides incentives to employees. Meanwhile, analysis of employee performance also shows "Less Good" results with an average score of 3.19; the highest score is in the Quality dimension (4.08) and the lowest score is in the Cost Efficiency dimension (2.70), which indicates that employees still lack understanding of company policies. company cost management. The results of the verification analysis show that compensation has a significant effect on employee performance, indicated by the calculated t-value of $4.537 > t\text{-table } 1.677$ and a significance of $0.000 < 0.05$, as well as a positive regression coefficient of 0.548 which indicates a relationship in the "Moderate" category; the R square value of 0.300 indicates that compensation contributes 30%

to employee performance, while the rest is influenced by other factors not examined in this study such as work stress, motivation, and discipline.

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