

The Effect of Competence and Compensation on Employee Performance at the Tangerang Area Swamitra Savings and Loan Unit

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Abstract

This study aims to examine and analyze the influence of competency and compensation on employee performance at the Swamitra Credit Union Unit in the Tangerang area. This quantitative research uses primary data obtained from questionnaires distributed to employees of the Swamitra Credit Union Unit in the Tangerang area. The sampling technique used is saturated sampling, meaning all members of the population are used as samples, totaling 80 respondents. The data were analyzed using validity tests, reliability tests, classical assumption tests, multiple linear regression tests, hypothesis tests, determination tests, and path analysis using SPSS (Statistical Package for the Social Sciences). The partial test results show that competency has a significant effect on employee performance with a t-value of 3.441 ($3.441 > 1.991$) and a significance value of 0.001 ($0.001 < 0.05$). Compensation also significantly affects employee performance with a t-value of 4.473 ($4.473 > 1.991$) and a significance value of 0.000 ($0.000 < 0.05$). Simultaneously, competency and compensation significantly influence employee performance with an F-value of 30.803 ($30.803 > 3.11$) and a significance value of 0.000 ($0.000 < 0.05$). This study is expected to provide additional references regarding competency, compensation, and employee performance.

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INTRODUCTION

Human resources in the organization have a very important role and function for the achievement of organizational goals. Human resources here include all humans in the organization, namely those involved in organizational operational activities ranging from the lowest level (lower management) to the highest level (top management). Although at different levels, all elements of human resources have the same role in whether or not organizational goals are achieved. The role of human resource management in the organization is not only administrative but it is more directed at how to develop the potential of human resources to be more creative and innovative.

Along with the increasingly fierce competition due to rapid technological changes and an environment that is so drastic in every aspect of human life, every organization needs human resources who have individual competencies in order to provide excellent and valuable services. In other words, the organization is not only able to provide services that satisfy (customer satisfaction) but also oriented to value (customer value), so that the organization does not merely pursue the achievement of high work productivity, but rather the performance in the process of achieving it..

The performance of each activity and individual is the key to achieving productivity, because performance is a result where people and resources in the organization together bring results based on the level of quality and standards that have been set. Consequently, organizations need human resources who have competencies in accordance with the vision and mission of the organization. Individual competency-based human resource development is carried out in order to provide results in accordance with the goals and objectives of the organization with predetermined performance standards.

Employee performance which is the result of the thought and energy of an employee towards the work he does, can be tangible, seen, counted, but in many cases the results of thought and energy cannot be calculated, such as ideas for solving a problem, new innovations for goods and services, can also be the discovery of more efficient work procedures.

To assess the performance of an employee, one of which can be seen from his work history, what is meant in this case is knowledge and experience in the field of work he is living or in other words, the higher the knowledge and experience he has, the more competent the employee will be in his field of work so that he will have better performance. Experience is important, but it will be more optimal if it is balanced with a level of knowledge that is constantly updated, because science is constantly evolving, just like the times.

New problems, new tools and procedures, and new jobs always create new needs for companies, so a company if it does not want to be left behind must also keep up with the times.

This is a reality that cannot be denied. Consequently, organizations need human resources who have competencies in accordance with the vision and mission of the organization. Individual competency-based human resource development is carried out in order to provide results that are in accordance with the goals and objectives of the organization with predetermined performance standards..

The most important factor that can affect the achievement of a person's work results is the competence of the individual concerned. Individual competence can be described as the basic characteristics, the deepest personality and influences the behavior of an employee when he faces work. In the end, these basic characteristics affect the effectiveness in carrying out their work.

The results of a preliminary survey conducted by the author on employees of the Tangerang area Swamitra savings and loan unit by looking at their competencies in the form of training they have attended, are as follows.

Table 1. Employee Training Data of Tangerang Area Swamitra Savings and Loan Unit

Pernah Mengikuti Pelatihan Tentang Unit Simpan Pinjam	Jumlah (orang)	Persentase (%)
Belum Pernah	27	33,75
Pernah hanya 1 kali	35	43,75
Pernah 2 – 3 kali	12	15
Lebih dari 3 kali	6	7,5
Jumlah	80	100

Source: Swamitra Savings and Loan Unit

From table 1 above, it can be seen that there are still quite a lot of employees of the Tangerang Area Swamitra Savings and Loan Unit who have never attended training on savings and loans, namely 27 people (33.75%), coupled with those who have attended only 1 (one) time as many as 35 people (43.75%). Meanwhile, only 6 people (7.5%) have attended the training more than once. After the author traced it, it turned out that this was only attended by the leaders of the Tangerang Area Swamitra Savings and Loan Unit. This will certainly have an impact on the competence of the employees of the Tangerang Area Swamitra Savings and Loan Unit as a whole, so it is natural to find that employee competence is still quite low.

In addition to individual competence, compensation also plays an important role. The greater the productivity of employees, the greater the compensation that will be obtained. In other words, an increase in the ability to produce increases the ability to obtain greater

compensation. Competence and compensation have a close relationship with performance. It can be said, if the employee has competence in his field, then the employee will increase effective performance. Similarly, if compensation is high, it will improve performance.

Based on a preliminary survey conducted by the author at the Tangerang Area Swamitra Savings and Loan Unit, there are still employees whose competencies do not support each other between the education they have, work experience and training they have attended. For the finance department, which should have a background in financial management or economics education, but is still filled with employees with different educational backgrounds. An employee will have high competence if the employee has work experience, educational background, and knowledge that supports the work or profession he is engaged in. In addition, there are still employees who have never received training in accordance with their field of work so that the skills possessed by these employees are still not sufficient to produce qualified competence in completing their work. The phenomenon in the field also shows that there is still dissatisfaction with the compensation received by employees of the Tangerang Area Swamitra Savings and Loan Unit, as shown in the following

Table. Employee Satisfaction of Tangerang Area Swamitra Savings and Loan Unit

Kepuasan Karyawan Menerima Kompensasi	Jumlah (orang)	Persentase (%)
Sangat Puas	11	13,75
Puas	13	16,25
Cukup Puas	24	30,00
Kurang Puas	27	33,75
Tidak Puas	5	6,25
Jumlah	80	100

Source: Swamitra Savings and Loan Unit

From the table above, it appears that the dominance of employee answers is less satisfied with the compensation they receive, namely 27 people (33.75%), coupled with those who stated that they were not satisfied as many as 5 people (6.25%). This shows that employees of the Tangerang Area Swamitra Savings and Loan Unit still need to get more attention from Swamitra Tangerang Area.

For this reason, not only competence is needed by employees but also compensation is very important for the employees themselves. If compensation is given appropriately and correctly, employees will gain job satisfaction and be motivated to achieve company goals. However, if compensation is given inadequately or inappropriately, then employee performance

will decrease. Therefore, compensation is very important to support employee performance so that employee productivity is getting better. Likewise, compensating the performance of employees will provide a reciprocal contribution to the survival of the company. (Ritawati, 2015).

Considering the above phenomenon, the human resource problem is a very important issue, especially in terms of improving employee performance. With the dissatisfaction of some employees in terms of competence and compensation, it will have an impact on their performance.

Therefore, from the above background the author wishes to conduct research. This study wants to analyze "The Effect of Competence and Compensation on Employee Performance of the Tangerang Area Swamitra Savings and Loan Unit".

This study aims to determine the effect of competence on employee performance at the Tangerang Area Swamitra Savings and Loan Unit. To determine the effect of compensation on employee performance at the Tangerang Area Swamitra Savings and Loan Unit. And to determine the effect of competence and compensation on employee performance at the Tangerang Area Swamitra Savings and Loan Unit..

Literature Review

Performance

Performance is a process that can be measured within a certain time based on existing provisions and agreements. Performance can be described by how far the failure or success in carrying out the process is in order to achieve the vision of the organization, goals and objectives of the organization or company (Nurwin and Frianto, 2021: 2).

Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Custana and Widodo, 2021: 2). So it can be concluded that the definition of performance is the result of employee work both quality and quantity achieved by employees in a certain period in accordance with the responsibilities given.

The dimensions and indicators of performance according to Mangkunegara (2017: 75) are as follows:

a. Quality of Work. Quality of work based on standards set by company or company policy, it can usually be measured through the accuracy, accuracy, skill and success of work by an employee.

b. Work Quantity. The amount of work results in accordance with the time available. So what a company needs to pay attention to is not routine results but rather how quickly the work

can be completed by employees.

c. Consistency. The determination of employees in carrying out the job description in accordance with what the company ordered.

d. Cooperation. Is an evaluation of active work behavior with all abilities and expertise to support each other in the work team in order to obtain maximum work results.

e. Attitude. Employee behavior towards the company or superiors and friends.

Competence

Competence is an ability to carry out a job that is based on skills and also knowledge and is supported by the work attitude required by the worker (Candra and Fatimah, 2020: 819).

Competence is defined as the capacity that exists in a person that can make that person able to fulfill what is required by the job in an organization so that the organization is able to achieve the expected results (Boyatzis, Richard, E., 2018).

Competency Indicators. Indicators of competence according to Emron Edision (2017: 143) to fulfill the elements of competence, an employee must fulfill the elements below:

- a. Knowledge. Have knowledge that supports work, have a willingness to increase knowledge.
- b. Expertise. Have technical expertise in accordance with the field of work handled, have the ability to identify problems, have the ability to find solutions to the problems faced.
- c. Attitude. Have initiative in helping coworkers, have friendliness and politeness in carrying out work and seriously handle any complaints.

Compensation

Compensation is everything that workers have received in return for their work. Compensation is a form of payment in the form of benefits and also incentives to motivate employees to remain productive in doing work (Handoko, 2014: 5).

Compensation is a person's income obtained from the company from the results of the work that employees have carried out as a form of company appreciation. Compensation is any form of income in the form of money, direct or indirect goods in exchange for services provided to the company for employees (Lestari, 2021: 4).

Based on this understanding, it can be concluded that compensation is a reward for services provided by the company to its employees for their work. This compensation can be in the form of financial or non-financial compensation, direct or indirect goods.

Compensation Indicators. Indicators of compensation according to Handoko (2008: 56) are as follows:

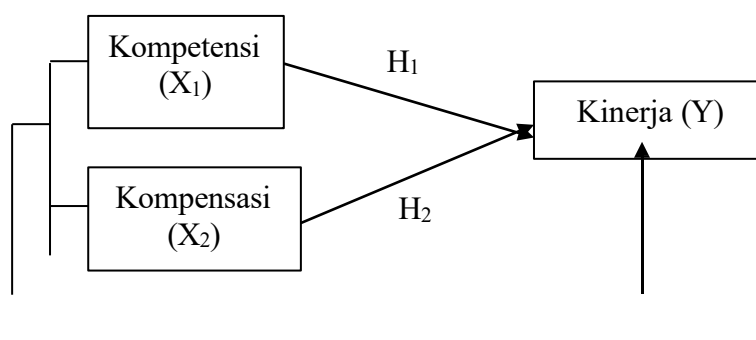
a. Salary is an amount of money received directly every month / week for permanent employees in exchange for their work, while if there is an increase / decrease in work performance, it will not affect the size of the fixed salary. The size of the salary value given, if there is an increase or decrease in the salary value set by the company.

b. Incentive is a sum of money received directly every month / week for permanent or part-time employees in exchange for each job done based on their work skills. Or additional compensation given to certain employees whose performance is above standard performance.

c. Bonus is a sum of money received directly as a reward for high work performance for a certain period of time, and if the performance is declining, the bonus will not be given.

d. Wage is an amount of money received directly every week / day for non-permanent employees or commonly referred to as part-time as a reward related to piecework facing certain events.

The framework is a synthesis of the relationship between variables compiled from various theories that have been described. The following is the framework for thinking in this study :



G. H₃ 1 Kerangka Berpikir

METHODS

This research is an associative type, namely research that asks about the relationship between two or more variables (Sugiyono, 2016: 36) which looks at the effect of competence and compensation on the performance of employees of the Tangerang Area Swamitra Savings and Loan Unit.

To obtain data, researchers used quantitative methodology by conducting surveys conducted in all Tangerang Area Swamitra Savings and Loan Units.

The population of this study is all employees of the Tangerang Area Swamitra Savings and Loan Unit totaling 80 people, namely there are 16 Swamitra Units spread across the Tangerang Area, where each Swamitra unit has at least 5 employees.

According to Arikuto (2015: 104) if the population is less than 100 people, then the sample can be taken as a whole, but if the population is greater than 100 people, then 10 - 15% or 20 - 25% of the population can be taken. In this study because the population was 80 people (less than 100 people), the sample used in this study was the entire population, namely 80 people.

RESULT AND DISCUSSION

1. Hypothesis Testing

a. Test t (Partial)

Table 11. Partial Test (t Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.821	3.567		3.594	.001
Kompetensi	.273	.079	.335	3.441	.001
Kompensasi	.424	.095	.435	4.473	.000

a. Dependent Variable: Kinerja Karyawan

Source: SPSS 25 data processing results

For the t test criteria carried out at the $\alpha = 5\%$ level with two directions and the value of $df = n - 2$ ($80 - 2$) = 78, the t table value is 1.991 (t table data attached). Based on the table above, it can be concluded that the hypothesis test of each independent variable on the dependent variable is as follows:

1) Effect of Competence (X1) on Employee Performance (Y)

Based on the t test table data above, it can be seen that the coefficients acquisition value for the effect of competence on employee performance, namely the tcount value of 3.441 with a ttable value of 1.991. The decision-making criteria in this study are:

a) If $t_{count} > t_{table}$ = H_0 is rejected, then there is a significant influence between variables X1 and Y.

b) If $t_{count} < t_{table}$ = H_0 is accepted, then there is no significant influence between variables X1 and Y.

Based on the results of testing individually the effect of competence on employee performance, the value of $t_{count} > t_{table}$ ($3.441 > 1.991$) and has a significant number of 0.001 which means < 0.05 ($0.001 < 0.05$). Based on the decision-making criteria, it can be concluded that H_0 is rejected and H_a is accepted, this shows that there is a significant positive influence between competence on employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

Effect of Compensation (X2) on Employee Performance (Y)

- a) Based on the t test table data above, it can be seen that the coefficients acquisition value for the effect of compensation on employee performance, namely the tcount value of 4.473 with a ttable value of 1.991. The decision-making criteria in this study are:

a) If $t_{count} > t_{table}$ = H_0 is rejected, then there is a significant influence between variables X_2 and Y .

b) If $t_{count} < t_{table}$ = H_0 is accepted, then there is no significant influence between variables X_2 and Y .

Based on the results of testing individually the effect of compensation on employee performance, the value of $t_{count} > t_{table}$ ($4.473 > 1.991$) and has a significant figure of 0.000 which means < 0.05 ($0.000 < 0.05$). Based on the decision-making criteria, it can be concluded that H_0 is rejected and H_a is accepted, this indicates that there is a significant positive effect between compensation and employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

a. Test f (Simultaneous)

The f test is used to determine the significant effect simultaneously (together) between the independent variable and the dependent variable. In other words, to see the effect of competence (X_1) and compensation (X_2) on employee performance (Y).

Based on the results of data management using the SPSS version 25 program, the statistical results of testing the effect of competence (X_1) and compensation (X_2) on employee performance (Y) are as follows:

Table 12. Test f (Simultaneous)

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	594.332	2	297.166	30.803	.000 ^b
Residual	742.855	77	9.647		
Total	1337.188	79			

a. Dependent Variable: Kinerja Karyawan

b. Predictors: (Constant), Kompensasi, Kompetensi

Sumber: hasil pengolahan data SPSS 25

From the table above, the F_{count} value is 30.803 and the significant level is 0.000, for an error of 5% and a 2-party test (regression - df - 2). While the F_{table} value based on the F test table with a significant level of 5% is 3.11 (F_{table} data attached) obtained from:

$$DF (N1) = k - 1$$

$$DF (N2) = n - k$$

$$DF (N1) = 3 - 1$$

$$DF (N2) = 80 - 3$$

$$DF (N1) = 2$$

$$DF (N2) = 77 (F_{tabel 3,11})$$

From the data above, it is obtained that the f_{count} value $>$ f_{table} value ($30.803 > 3.11$) then seen with the results of the significant probability value sig 2-tailed ≤ 0.05 ($0.000 < 0.05$), then H_a is accepted and (H_0 is rejected), From the results of the SPSS calculations above, it shows that there is a significant positive effect between competence and compensation simultaneously on employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

Discussion

The Effect of Competence (X1) on Employee Performance (Y)

The research results obtained regarding the effect of competence on employee performance at the Tangerang Area Swamitra Savings and Loan Unit state that the partial hypothesis test shows a t_{hitung} value of 1.991 and a t_{table} of 3.441. Thus $t_{hitung} >$ t_{table} ($3.441 > 1.991$) and a significant value of 0.001 which means < 0.05 ($0.001 < 0.05$) this shows that there is a significant positive influence between competence on employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

Competence as an underlying characteristic of a person is related to the effectiveness of individual performance in his job or the basic characteristics of an individual who has a causal or causal relationship with the criteria used as a reference, which means that this competence exists in every human being and at any time will be attached to the personality of every human being who predicts a person's behavior patterns and broad performance in all conditions and tasks in his work.

The competence of an employee will affect the performance of the employee himself and the results of this study are in line with the research of Arman Maulana (2020) that competence has a positive and significant effect on employee performance variables, so that the higher the competence of employees, the more employee performance results will increase.

a. Effect of Compensation (X2) on Employee Performance (Y)

The research results obtained regarding the effect of compensation on employee performance at the Tangerang Area Swamitra Savings and Loan Unit state that the partial hypothesis test shows a t_{hitung} value of 4.473 and a t_{table} of 1.991. Thus $t_{hitung} >$ t_{table} ($4.473 > 1.991$) and a significant value of 0.000 which means < 0.05 ($0.000 < 0.05$) this shows that there is a significant positive effect between compensation and employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

Compensation plays an important role in creating employee performance because one of the main reasons people work is to meet their needs and compensation from the company is a source of income for employees. Compensation provided by the company fairly and reasonably

will provide a positive encouragement to employees.

Compensation will directly affect employee performance. Good compensation will encourage employees to work better, for example with gifts for employees who excel or bonuses for employees who work well. So employees will always improve themselves to improve the quality of their work.

The results of this study are in line with Asniwati's research (2022) that compensation has a positive and significant effect on employee performance variables, so that the higher the compensation provided, the more employee performance results will increase.

a. The Effect of Competence (X1) and Compensation (X2) on Employee Performance (Y)

The results obtained regarding the effect of competence and compensation simultaneously on employee performance at the Tangerang Area Swamitra Savings and Loan Unit state that the simultaneous hypothesis test shows an Fcount value of 30.803 and an Ftable of 3.11. Thus $F_{hitung} > F_{tabel}$ ($30,803 > 3,11$) and a significant value of 0.000 which means < 0.05 ($0.000 < 0.05$) this shows that there is a significant positive effect between competence and compensation simultaneously on employee performance at the Tangerang Area Swamitra Savings and Loan Unit.

The results also explain that employee performance as the dependent variable can be explained by the competency and compensation variables by 44.4%, while the remaining 55.6% is explained by other factors.

This means that if employees have good competence and are in accordance with their work, then this will also improve employee performance for the company and vice versa, if the competence of employees is lacking or incompetent, then employee performance will also decrease. Also when employees who get good compensation, they will have good morale and the resulting performance will also be maximized.

CONCLUSION

This study draws the following conclusions The results of research from the influence of competence on employee performance show that there is a positive and significant influence between competence on employee performance at the Tangerang Area Swamitra Savings and Loan Unit. The results of research from the effect of compensation on employee performance showed that there is a positive and significant influence between compensation on employee performance at the Tangerang Area Swamitra Savings and Loan Unit. The results of the study of the simultaneous influence of competence and compensation on employee performance showed that there was a positive and significant influence between competence and compensation simultaneously on employee performance at the Tangerang Area Swamitra Savings and Loan Unit. Employee performance can be explained by competence and compensation by 44.4%, while the remaining 55.6% is explained by other factors not examined..

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