



Analysis of the effect of providing financial and non-financial compensation on employee job satisfaction studies on employees of the division of human resources (HR), administration and finance of PT. Hanazono Engineering Indonesia

Ahdal Fitriah

Management Study Program, Indonesian College of Economics Banking School Jakarta, Indonesia

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ABSTRACT

To win the competition in the business world, entrepreneurs must compete with one another in improving their competitive advantage. The key to winning this competition can be done by increasing the standards and quality of human resources that are owned by the firm. To the quality of human resources, the company must take into account the needs of employees with the best. One way of compensation related to both financial compensation and non-financial compensation for the employees to achieve the level of job satisfaction they expect and employees will feel comfortable with the job in which they live. To determine the relationship between financial compensation and non-financial compensation to employee job satisfaction in this study using a statistical calculation using multiple regression analysis. Multiple regression analysis was used to measure the influence of financial compensation (X_1) and non-financial compensation (X_2) which is the independent variable employee job satisfaction (Y) which is the dependent variable. This calculation is done to see how that will occur in which the relationship between these variables partially or simultaneously. The formula used in this regression is $Y = a + b_1 X_1 + b_2 X_2$, where (Y) as job satisfaction, (a) as a constant, ($b_1 X_1$) as financial compensation, and ($b_2 X_2$) as non-financial compensation. T results will be compared with the t table to determine whether the independent variables have a significant relationship has no significant effect on the dependent variable. The results of multiple regression analysis is $Y = 1.417 + 0.549 X_1 + 0.001 X_2$.

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Corresponding Author:

Afdal fitrah

Management Study Program

Indonesian Banking School of Economics, Jakarta,

Jl. Kemang Raya No. 35, RT. 6/RW. 1, Bangka, Kec. Mampang Prpt., City of South Jakarta,

Email: Afdal@mail.com

1. INTRODUCTION

Today's business world is required to create high employee performance for company development. Companies must be able to build and improve performance in their environment. The success of the

company is influenced by several factors, one of the important factors is human resources, because human resources are actors from all levels of planning to evaluation who are able to utilize other resources owned by the organization or company. With this fact, it is only natural for employees to receive attention and treatment according to their wishes in order to create comfort at work.

Human resources or in this case employees in a company are no longer considered mere factors of production such as raw materials, money or the like but as partners for the company to achieve its main goals. It is appropriate as a company partner to treat employees well and provide appropriate compensation or rewards for what has been given to the company. Compensation is all the rewards received by employees for the work of these employees in the organization. Compensation can be in the form of financial or non-financial and must be calculated and given to employees according to the sacrifices they have made to the company where they work for a fixed period. Experience shows that inadequate compensation will reduce work performance, work motivation, and employee job satisfaction. Meanwhile, good compensation will also have a good impact on the company itself, including getting quality employees so that the company has an advantage over its competitors or commonly referred to as a competitive advantage.

Basically, the size of compensation given to employees is based on meeting their needs. So there needs to be a serious effort on the part of the company to pay more attention to the appropriate form of compensation. Both in terms of the amount given to each employee, as well as in terms of its type, so that it can fulfill a sense of need and feasibility in accordance with the perceptions of each employee. The emphasis on the aspect of meeting these needs is directly related to job satisfaction in employees. If his needs are met, his job satisfaction increases and will also be reflected in increased work performance. Therefore, fair and proper compensation for employees is not only in material form but also in non-material form, such as a supportive working atmosphere, conducive co-worker relations, as well as comfortable rooms and facilities for work. This is in line with the purpose of providing compensation according to Malayu SP Hasibuan (2005), who stated "With compensation employees will be able to meet their physical needs, social status and egoistic, so that he gets job satisfaction from his position". Based on this statement, to increase employee job satisfaction, it is necessary to provide competitive compensation compared to other companies.

2. RESEARCH METHOD

This study uses a quantitative approach. The research design used is cross sectional research. The location used as the research site is PT. HANAZONO ENGINEERING INDONESIA which is located on Jl. Raya Boulevard West Kelapa Gading Square Block B 41 Jakarta. The object of this research is all employees of the Human Resources (HR), Administration and Finance division of PT. HANAZONO ENGINEERING INDONESIA totaling 43 people.

Hypothesis:

H₀₁ : Financial compensation and non-financial compensation do not have a simultaneous effect on employee job satisfaction at PT. HANAZONO ENGINEERING INDONESIA

h_{a1} : Financial compensation and non-financial compensation have a simultaneous effect on employee job satisfaction at PT. HANAZONO ENGINEERING INDONESIA

H₀₂ : Financial compensation and non-financial compensation have no partial effect on employee job satisfaction at PT. HANAZONO ENGINEERING INDONESIA

h_{a2} : Financial compensation and non-financial compensation have a partial effect on employee job satisfaction at PT. HANAZONO ENGINEERING INDONESIA

3. RESULTS AND DISCUSSIONS

Validity test

Table 1 Validity test

No	Code Variable	Results r Table	validity
	financial compensation (X ₁)		
1	V ₁	0.727	Valid
	V ₂	0.837	Valid
	V ₃	0.776	Valid
	V ₄	0.825	Valid
	V ₅	0.746	Valid
	nonfinancial compensation (X ₂)		
2	W ₁	0.821	Valid
	W ₂	0.845	Valid
	W ₃	0.833	Valid
	W ₄	0.92	Valid
	job satisfaction (y)		
3	Y ₁	0.485	Valid
	Y ₂	0.722	Valid
	Y ₃	0.752	Valid
	Y ₄	0.7	Valid
	Y ₅	0.751	Valid
	Y ₆	0.679	Valid
	Y ₇	0.667	Valid
	Y ₈	0.775	Valid
	Y ₉	0.594	Valid
	Y ₁₀	0.537	Valid
	Y ₁₁	0.697	Valid
	Y ₁₂	0.609	Valid
	Y ₁₃	0.666	Valid
	Y ₁₄	0.721	Valid
	Y ₁₅	0.668	Valid
	Y ₁₆	0.782	Valid
Y ₁₇	0.78	Valid	
Y ₁₈	0.413	Valid	
Y ₁₉	0.614	Valid	
Y ₂₀	0.659	Valid	

Source: processed primary data

Based on the table above, it can be seen that all the statements in the questionnaire distributed to the respondents are valid. Evidenced by the statistical value of r count which is greater than r table ($r \text{ count} > r \text{ table}$). This indicates that the instrument used is appropriate and appropriate for use in research to measure the effect of financial compensation and non-financial compensation on job satisfaction of employees of PT. HANAZONO ENGINEERING INDONESIA.

Reliability test

Table 2 Reliability test

No	Variable	Alpha Cronbach (α)	Reliability
1	Financial Compensation	0.834	Reliable
2	Nonfinancial	0.872	Reliable
3	Job satisfaction	0.934	Reliable

Source: processed primary data

Based on the table above it can be seen that all of the statements given are all reliable. This is proven by all Cronbach's Alpha having a value of > 0.6 , this shows that the instrument used is reliable and remains consistent if the measurement is repeated.

Classic assumption test.

Normality test

Normal PP Plot of Regression Standardized Residual
Dependent Variable: job satisfaction

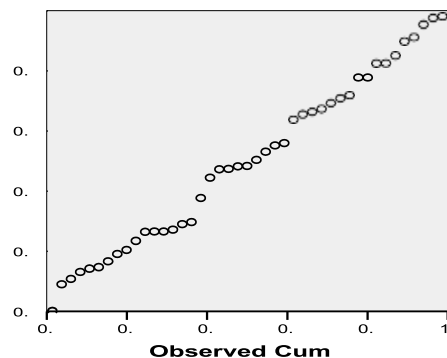


Figure: Normal pro probability plot graph of financial and non-financial compensation on job satisfaction

Based on the normal plot graph above, it can be seen that the dots spread around the diagonal line, and their distribution follows the direction of the diagonal line. So it can be concluded that the regression model used in this study is feasible to use because it fulfills the assumption of normality.

Multicollinearity test

Table 3 Multicollinearity test

Mode		Unstandardized		Standardized		t	Sig.	Collinearity Statistics	
		B	std. Error	Betas				tolerance	VIF
1	(Constant)	1,417	.432			3,282	.002		
	financial	.549	.092	.712		5,962	.000	.862	1,160
	nonfinance	.001	.099	.001		.011	.991	.862	1,160

Source: processed primary data

Based on the table above, it can be seen that the inflation factor (VIF) value in the regression model is not above 5 (≤ 5). This shows that among these variables there is no multicollinearity problem.

Heteroscedasticity test

Scatter plots

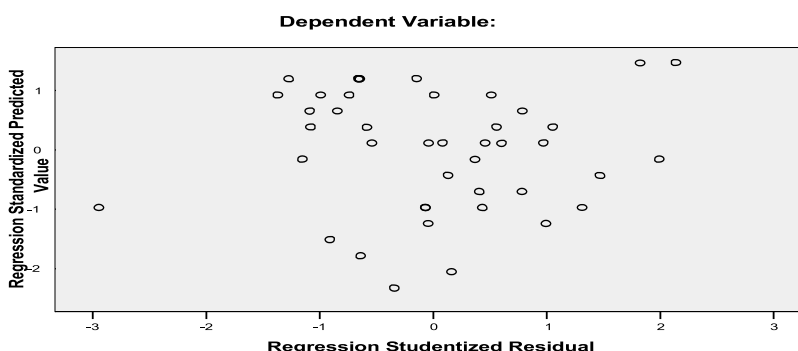


Figure 2 Heteroscedasticity test

Source: Primary data processed

Based on the picture above, it can be seen that there is an unclear pattern and the points spread above and below the number 0 on the Y axis. From the picture it can be concluded that there is no heteroscedasticity in the regression model, so this regression model is feasible to use.

Multiple Regression Analysis.

Table 4 Multiple regression Coefficientas

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	1,417	.432		3,282	.002		
	financial	.549	.092	.712	5,962	.000	.862	1,160
	nonfinance	.001	.099	.001	.011	.991	.862	1,160

a. Dependent Variable: job_satisfaction
 Source: Primary data processed

Based on the table above, multiple regression equations can be compiled, as follows:

$$Y = a + b_1 X_1 + b_2 X_2$$

$$Y = 1.417 + 0.549 X_1 + 0.001 X_2$$

Information :

- Y =job satisfaction
- a =constant
- b1, b2 =regression coefficient
- X1 =financial compensation
- X2 =nonfinancial compensation

The explanation of the regression above can be explained as follows:

- a. The constant is 1.417, meaning that if financial compensation (X1) and non-financial compensation (X2) have a value of 0, then job satisfaction (Y) has a value of 1.417.
- b. The regression coefficient of the financial compensation variable (X1) is 0.549, meaning that if the other independent variables have a fixed value and financial compensation increases by 1%, employee job satisfaction will increase by 0.549. the coefficient is positive, meaning that there is a positive relationship between financial compensation and employee job satisfaction, the higher the value of financial compensation, the higher employee job satisfaction.
- c. The regression coefficient of the non-financial compensation variable (X2) is 0.001, meaning that if the other independent variables have a fixed value and non-financial compensation increases by 1%, employee job satisfaction will increase by 0.001. The coefficient is positive, meaning that there is a positive relationship between non-financial compensation and employee job satisfaction, the higher the value of financial compensation, the higher employee job satisfaction.

Hypothesis testing

In accordance with the purpose of this study where we want to know whether the provision of financial compensation and non-financial compensation has an influence on employee job satisfaction in the HR, Administration and Finance Division of PT. HANAZONO ENGINEERING INDONESIA either simultaneously/together or partially/separately. So to answer the research objectives using two hypothesis testing techniques, namely the F test and t test.

F test

Table 5 Test F ANOVA b

Model		Sum ofSquares	df	MeanSquare	F	Sig.
1	Regression	6,906	2	3,453	20,646	.000a
	Residual	6,690	40	.167		
	Total	13,596	42			

Source: processed primary data

Based on the table above, it can be seen that the calculated F value is 20,646, this value is then compared with the F table value. If F count < F table then Ho is accepted, otherwise if F count > F table then Ho is rejected. The F table value with the number of independent variables is 2 and Df (nk-1) is 40, so the F table value is 3,232. By comparing the calculated F value with F table, it can be concluded that 20,646 > 3,232 (Fcount > Ftable) indicates that Ho is rejected. Ho is rejected, meaning that financial compensation and non-financial compensation have a simultaneous effect on employee job satisfaction in the HR, Administration and Finance Division of PT. HANAZONO ENGINEERING INDONESIA.

T test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	1,417	.432		3,282	.002		
	financial	.549	.092	.712	5,962	.000	.862	1,160
	nonfinance	.001	.099	.001	.011	.991	.862	1,160

a. Dependent Variable: job_satisfaction

Source: processed primary data

Based on the table above, it can be seen that the calculated t value for the financial compensation variable is 5,962 while for the non-financial compensation variable is 0.011, this value is then compared with the t table value. If t count is between positive and negative t table (-t table ≤ t count ≤ t table) then Ho is accepted, otherwise if - t count < - t table or + t count > + t table then Ho is rejected. The t table value with a significance level of 95% (2 sided test) and Df (nk-1) is 40, so the t table value is 2.021.

For financial compensation variables, by comparing the value of t count and t table, it can be concluded that 5962 > 2.021 (t count > t table) which shows that Ho is rejected. Ho is rejected, meaning that partially/financial compensation has a significant influence on employee job satisfaction in the HR, Administration and Finance Division of PT HANAZONO ENGINEERING INDONESIA.

As for non-financial compensation variables, by comparing the value of t count and t table, it can be concluded that 0.001 < 2.021 (t count < t table) which shows that Ho is accepted. Ho is accepted meaning that partially non-financial compensation does not have a significant effect on employee job satisfaction in the HR, Administration and Finance Division of PT. HANAZONO ENGINEERING INDONESIA.

Coefficient of determination (adjusted R square)

Table 4.15 Adjusted R square
Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.713a	.508	.483	.40896

a. Predictors: (Constant), nonfinancial, financial

b. Dependent Variables: job satisfaction

Source: processed primary data

From the table above it can be seen that the R value obtained is equal to 0.713 so it can be concluded that the relationship between financial compensation variables and non-financial compensation variables on job satisfaction is strong positive. This is supported by the R square value of 0.508 or equivalent to 50.8%, which means that job satisfaction is influenced by financial compensation and non-financial compensation by 50.8% and is influenced by other factors by 49.2%.

Managerial implications

In the table above it can be seen that the average respondent's answers all agree with each statement, because the average for each statement is above 3 as the minimum rating standard agrees. The average respondent's overall answer to the financial compensation variable is 3.91. Although in general the respondents agreed with each statement, out of the five statement indicators it turned out that there were 3 statements whose values were below the overall average. While the two statements, namely regarding work incentives (performance bonuses) given are comparable to the work done to achieve work performance and health and work accident benefits provided by the company are in accordance with job risks, already above the overall average.

What needs attention are the three statement indicators which are still below average. Among them are statements regarding the salary received is in proportion to the effort/effort given to this company which earns an average of 3.76, statements regarding transportation allowances provided by the company are able to meet the daily transportation needs of employees obtaining an average of 3.83, and statements regarding day allowances The old age given by the company makes it comfortable to work until old age, obtaining an average of 3.83.

The transportation allowance provided by the company so far has been sufficient to enable employees to meet their daily transportation needs, but it would be nice if there was a review regarding the determination of the amount of transportation allowance given to all employees. This is a natural thing to do because considering the increasing price of oil in the world which has an impact on increasing retail gasoline prices for motorized vehicles and coupled with the government's plan to withdraw fuel subsidies for two-wheeled vehicles. That way all employees can meet their transportation costs for each month.

Non-financial compensation in this study was stated to have no significant effect on employee job satisfaction. This is related to Maslow's theory of levels of human needs where the majority of respondents are more concerned with meeting physical and biological needs (physical needs), for example eating, drinking, clothing, housing, and security and safety needs (safety and security needs) for example health insurance, pension funds, salaries, savings. Their needs have not yet reached the need for social (affiliation or acceptance needs), the need for appreciation (esteem or status needs), and the need for self-actualization (self-actualization). This is supported by the characteristics of the respondents which show that the majority of employees in the HR, Administration and Finance Division of PT. HANAZONO ENGINEERING INDONESIA as respondents aged 20-35 years, who are classified as young and productive employees and the majority of respondents have only worked for this company for less than three years. All of this shows that the majority of respondents prioritize the fulfillment of physical and biological needs, safety and security needs compared to meeting other needs. In line with this, it does not mean that PT. Hanazono Engineering Indonesia does not pay attention to this one variable, the authors urge further research to be carried out to examine non-financial compensation variables in a comprehensive manner so that it can be known what components companies need to pay attention to and what symptoms arise in them.

4. CONCLUSION

Based on the results of data analysis and discussion in the previous chapter, it can be concluded that partially financial compensation has a significant influence on employee job satisfaction in the Human Resources (HR), Administration and Finance divisions of PT. HANAZONO ENGINEERING INDONESIA. Partially, non-financial compensation has no significant effect on employee job satisfaction in the Human Resources (HR), Administration and Finance divisions of PT. HANAZONO ENGINEERING INDONESIA. Simultaneously, financial compensation and non-financial compensation have an influence on employee job satisfaction in the Human Resources (HR), Administration and Finance divisions of PT. HANAZONO ENGINEERING INDONESIA.

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