THE INFLUENCE OF CAREER DEVELOPMENT AND COMPENSATION ON THE EMPLOYEE PERFORMANCE

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ABSTRACT

The purpose of this study was to analyze the effect of career development, compensation, on employee performance. The research was conducted at a medical device company located in Jakarta, with 47 employees as respondents. Collecting data using interviews and questionnaires, and the data analysis technique used is multiple linear regression. The results showed that career development had a positive and significant effect on employee performance. These results indicate that the better the company's career development system, the higher the employee's performance will be. Compensation also has a positive and significant effect on employee performance. The results of this study indicate that the better the compensation system implemented by the company as well as career development, the higher the employee's performance. The practical implication of the results of this study is that companies that expect high-performing employees must implement a good compensation system supported by good, fair and transparent career development.

Keywords: Career development, Compensation, employee performance

I. INTRODUCTION

One of the industries that are currently developing is the medical device industry. Medical devices are an important component for health services, except medicines. Medical devices are to diagnose and relieve disease, as well as maintain and even improve health. Besides the social function, medical devices also have economic functions, which is to be a commodity with promising value, especially in ASEAN, mainly in Indonesia. Therefore, the medical device industry is currently developing significantly. Based on the Ministry of Industry, the development of the domestic medical device industry in early 2018 increased by 25.3% of 27 industries. Thus, currently, there are 242 industries with 249 types of medical devices produced. This increase shows the potential for the development of the medical device industry, which certainly must be in line with the improvement of technology for national medical device products.

Mahkota D Company is one of the companies engaged in the disposable medical device industry. The increase of competition in the medical device industry requires the company to create a high employee performance for the development of the company. Every organization or company will always try to improve employee performance, hoping that the company's goals will be achieved. In improving employee performance, the company has career development and adequate compensation for the employees. In an attempt to increase its competitiveness, Mahkota D company must be able to motivate its employees to perform optimally. One of the things that need to be considered for optimal employee performance is the career development and compensation provided to the employees. The factor of career development cannot be separated from the performance of human resources (Supardi, 2009). Career development is an effort of a person in personal improvement to achieve his/her career plans (Mangkunegara, 2017). The study conducted by the previous study proved that career development affects employee performance. The better the career management of employees, the better the employee performance will be (Nasution, 2018.; Alfa, 2018).

Besides career development, compensation is a thing that affects employee performance. Remuneration is given to the employees for their contribution to the company. Compensation can increase or decrease the work performance, work satisfaction, motivation, and work productivity of the employees. This affects the good and bad performance. Therefore, it can be stated that if the employees consider that the compensation received is
inadequate, the performance will tend to decrease, or vice versa. Based on the explanation above, the writer is interested in studying: The Influence of Career Development and Compensation on the Employee Performance in CV Mahkota D.

II. THEORETICAL REVIEW

Career Development

A career is a number of work positions held by a person during the work life cycle, from the lowest position to the highest position (Sinambela, 2016). Career is the developmental stages of someone’s work experience in various positions during his/her work period (Dessler, 2015).

Career development is an attempt performed by an organization in planning its employees' careers, which is called career management, including planning, implementing, and monitoring career (Sinambela, 2016). Career development is the process of identifying the career potential and material of the employee and applying the appropriate ways to develop the potential to achieve certain career plans and is a continuous process throughout life (Sunyoto, 2012, Sutrisno, 2012, Greenhaus and Callahan, 2006). Process of career development in a formal approach taken by the organization to ensure that people with appropriate qualifications and experiences are available when needed.

A planned career development program contains three main elements (Moekijat, 2007): (1) assisting the employees in assessing their own internal career needs, (2) developing, announcing, and notifying the career opportunities in an organization, and (3) adjusting the needs and ability of employees with career opportunities.

Dimensions and indicators to measure career development are related to (1) mutation related to promotion, rotation, demotion; (2) selection related to the admission, psychological test, selection interview, medical test, interview by supervisor, decision for the admission; (3) placement related to the education, working knowledge, working skills, working experiences; (4) education related to the required level of education, alternative education; and (5) training related to the infrastructures, participants, materials, methods, goals, targets (Simamora, 2012).

Compensation

Compensation is an important function in human resource management because it is one of the most sensitive aspects of the working relationship. A case in the working relationship contains compensation problems and various related aspects, such as allowances, compensation increases, compensation structures, and compensation scales. The compensation system helps in providing reinforcement to the key values of the organization and facilitating the achievement of organizational goals (Sutrisno, 2012).

Compensation is as a remuneration received by the employees for their contribution to their work, either in financial forms, such as basic salary; variable compensation such as commissions, incentives, and bonuses; or non-financial forms such as rewards, career development, social security, and others (Bangun, 2012). Meanwhile, Desler (2015) stated that compensation is a payment in all forms, either directly (financial such as allowances, incentives, wages, bonuses, and commissions) or indirectly (non-financial such as health insurance, leave rights, and others), due to the working relationship (Dessler, 2015). According to Sedarmayanti (2017), compensation is anything received by employees as a remuneration for their works. Thus, compensation is an implementation for the function of human resource management associated with all types of individual rewards as an exchange in implementing the organizational duties.

Based on (GugupKismono, 2011), (1) Financial Compensation is divided into two, direct compensation and indirect compensation. Direct compensation in the form of wages (payment based on working hours), salary (regular/monthly payment), and incentives or bonuses. Furthermore, indirect compensation in the form of services and facilities to the employees such as educational scholarship program, housing, recreational program, holiday and leave, financial counseling, and others. (2) Non-Financial Compensation is divided into two: the satisfaction of the job in the form of interesting duties, challenges, responsibilities, recognition, and a sense of accomplishment. Then the satisfaction obtained through the work environment of the employees is in the form of healthy policies, competent supervision, pleasant work relatives, and a comfortable work environment.

According to Sutrisno (2012), several factors influencing the amount of compensation are: (1) The level of living costs, (2) The level of compensation applicable to other companies, (3) The level of company capability, (4) The
type of work and the size of responsibilities, (5) Applicable laws and regulations, (6) Labor union regulations. Based on Mangkunegara (2017), indicators of compensation are (1) Fee rate, (2) Payment structure, (3) Determination of individual fees, (4) Payment method, (5) Payment control.

**Performance**

Performance of the company is an important thing for the attempt of the company to achieve the goals. Performance is the work results in quality and quantity achieved by an employee in implementing his/her duties according to responsibilities given (Mangkunegara, 2017). Fahmi (2016) stated that performance is the results obtained by an organization, either the organization is Profit Oriented or Nonprofit Oriented, generated over a period of time. Performance is an output generated by the functions or indicators of a job or profession within a certain time according to the direction of the leader or manager.

Mangkunegara (2017) stated that there are two factors influencing employee performance, ability factor and motivation factor. By the employee aspects stated by Wirawan (2009), it explains that generally, the performance aspects can be classified into three, which contains indicators of performance, (1) Work Results, (2) Work Behavior, (3) Personal Traits.

Mathis and Jackson (2009) also explained factors influencing employee performance: (1) Individual employee performance includes the individual performance factor and individual performance motivation. (2) Individual/organizational relationship, (3) Job satisfaction and organizational commitment, (4) Human resource retention. In motivating employees, the important elements that must be provided are compensation and career development of the employee.

### III. RESEARCH METHODOLOGY

The type of this study was causality research, research with problem characteristics in the form of the causal relationship between the independent variable (influencing variables) and dependent variable (influenced) (Sugiyono, 2018). The population of the study was all employees of Mahkota D, Jakarta, with a total of 47 employees. The sampling technique in this study used saturated sampling, a technique of determining sample if all populations are used as a sample. This is because the population was relatively small or less than 100.

The type of data in this study was primary data, data obtained from the first source both from the individual such as the results of interview or questionnaire that are usually conducted by the researcher (Zulganef, 2018). The data collection method used was a questionnaire. A questionnaire is a technique of data collection conducted by giving a series of written questions or statements to the respondents to be answered (Sugiyono, 2018).

### IV. RESULTS AND DISCUSSION

**Profile of Respondents**

Based on the results of questionnaire analysis filled by the respondents, it can be obtained a description of respondents as follows:

**Table 1. Profile of Respondents**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>34</td>
<td>72.34</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>27.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Age (years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 – 25</td>
<td>7</td>
<td>14.90</td>
</tr>
<tr>
<td>26 – 35</td>
<td>20</td>
<td>42.56</td>
</tr>
<tr>
<td>36 – 45</td>
<td>13</td>
<td>27.66</td>
</tr>
<tr>
<td>46 – 55</td>
<td>3</td>
<td>6.39</td>
</tr>
<tr>
<td>&gt;55</td>
<td>4</td>
<td>8.51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School</td>
<td>12</td>
<td>25.54</td>
</tr>
<tr>
<td>Vocational Degree</td>
<td>20</td>
<td>42.56</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>10</td>
<td>21.29</td>
</tr>
<tr>
<td>Master Degree</td>
<td>5</td>
<td>10.41</td>
</tr>
</tbody>
</table>
Based on Table 1, most employees in Mahkota D are male, with 34 employees (72.34%) while female employees of 13 (27.66%). Seen from the age, the majority of respondents are between 26 years old and 45 years old. This age includes productive age. The education of respondents is mostly vocational and bachelor degree (63.84%), the remaining 25.54% are high school level, and 10.41% are masters. The length of services of the respondents who are less than one year is 14.90%, one to 5 years is 59.58%, and more than 5 years is 25.54%.

Validity Test

A validity test was conducted to find out whether the measuring instrument used in this study, a series of statements in the questionnaire, can actually measure tested variables. Based on the calculation results of all instruments, variables of Career Development, Compensation, Employee Performance are proven that r_count validity value is greater than r_table value of 0.300. In other words, the results of the score obtained by respondents are stated valid.

Moreover, to find out the consistency of the measuring instrument used, a reliability test was conducted. Based on the results of the calculation, it was obtained results as follows:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha (&gt;0.70)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development</td>
<td>0.900</td>
<td>Reliable</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.845</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.880</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Data processed in 2021

According to Table 2, the Cronbach Alpha value of all tested variables is above 0.70, and then it can be concluded that all variables in this study stated reliable.

Coefficient of Determination

To find out how the influence between the variables of career development, compensation, and employee performance, the calculation illustrated in Table 3 was conducted as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.774</td>
<td>0.598</td>
<td>0.598</td>
<td>2.143</td>
</tr>
</tbody>
</table>

Based on the results of a manual calculation or SPSS output above, the coefficient of determination value is 0.580 or 58% with the Std. Error of the Estimate of 2.143. It means that performance can be influenced by career development and compensation of 58%, while the remaining 42% is influenced by other factors outside the study.

Regression Analysis

This study aims to find out the influence of career development and compensation on employee performance, and then regression analysis was conducted. Table 4 illustrates the influence of career development, compensation, and employee performance.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.050</td>
<td>2.944</td>
<td>0.697</td>
<td>0.490</td>
</tr>
</tbody>
</table>
Career Development

\[ Y = 2.050 + 0.222X \]

It means:

1. The constant (a) is 2.050, which means there is no career development variable or considered constant, then the job satisfaction level is 2.050.
2. The variable regression coefficient (X) is 0.222, which means that every time the employee has career development, it certainly will increase job satisfaction by 0.222.
3. T-value = 2.847 and Sig. = 0.007, then Ho is rejected. In other words, the writer can conclude that the X1 variable (Career Development) significantly contributes to employee performance.

Compensation

\[ Y = 2.050 + 0.423X \]

It means:

1. The constant (a) is 2.050, which means if there is no compensation variable or considered constant, then the job satisfaction level is 2.050.
2. The variable regression coefficient (X) is 0.423, which means that every time the employee gets compensation, it certainly will increase job satisfaction by 0.423.
3. T-value = 4.359 and Sig. = 0.000, then Ho is rejected, and H1 is accepted. Thus, compensation affects employee performance. In other words, the writer can conclude that the X2 variable (Compensation) significantly contributes to employee performance.

V. DISCUSSION

The Influence of Career Development on the Employee Performance

This study aims to see how the influence of the career development program on employee performance. Career development is proven to affect employee performance. The results of the hypothesis test are proven that career development positively affects employee performance. It means that the better career development, then the employee performance in Mahkota D company will increase. On the other hand, if the level of career development is not good, the employee performance will decrease. From the results of the study, it is proven that career development can be stated as good. The employees have received fair treatment from their superiors to develop their careers. The superiors always support the employees, and employees believe that they are competent in their field of work, and employees have the formal educational background to develop their careers.

The results of the study are in accordance with a previous study conducted by Alfa (2018), which stated that career development positively and significantly affects employee performance. Therefore, when the company provides a fair career path to the employees, it will encourage the employee to work better so that it will increase company performance. Furthermore, Dewi and Mudhiarta (2016) also support this study; employees who get a good and fair career path will show better performance behavior to the company. Therefore, it can be concluded that good career development will positively affect the employee performance in Mahkota D company.

The Influence of Compensation on Employee Performance

Another aim of this study is to find out the influence of compensation on employee performance. The results of the hypothesis test are proven that compensation positively and significantly affects employee performance. If the compensation is carried out properly, then the employee performance will increase, and vice versa. However, if the compensation is bad, then employee loyalty will decrease. Compensation in Mahkota D company can be stated in a good category. The salary earned by the employee has been in accordance with the workload, receiving incentives according to the work performance, obtaining religious holiday allowances every year, and obtaining health insurance while working. Therefore, the fulfillment of compensation properly will positively affect the employee performance in Mahkota D company. This result is in accordance with the previous study conducted by Pratminingsih, Tantri, and Atty (2021), which in their study proves that compensation affects
employee performance. Other researchers also support the results of the study conducted by Ramadhani & Rahardjo (2017). Various researchers also provide results supporting the researcher that if compensation is given properly and according to the workload, it will positively impact employee motivation and finally will increase employee performance (Wibawa & Stephani (2014)).

VI. CONCLUSION

This study also explains that career development has an influence on employee performance. It means that a company with good systematic in the career development of the employee will increase the employee performance.

The results obtained from this study are that compensation has a partial influence on employee performance. Therefore, one way for management to increase employee performance, motivate, and increase job satisfaction to the employee is by compensation. In simple terms, compensation is something received by the employee for remuneration of the employee's works. Therefore, it means that the company should pay attention to what is required by the employees and provide fair compensation to increase employee performance continuously.

REFERENCES