THE EFFECT OF DIRECT COMPENSATION, PROMOTION, MOTIVATION AND WORK DISCIPLINE ON THE PERFORMANCE OF THE COVER DEPARTMENT EMPLOYEES IN PT. SEIKOU SEAT COVER

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ABSTRACT

The objective of this research is to identify the influence of Direct Compensation, Promotion, Motivation and Work Discipline to cover departmental Employee Performance in PT. Seikou Seat Cover. Data obtained through questionnaires were processed using a tool to help IBM SPSS statistics. The results showed that the respondents regarding the provision of direct compensation granted PT. Seikou Seat Cover is considered good. Respondents' responses regarding employee promotions are considered good. Respondents' responses regarding motivation are considered good, Respondents' responses regarding work discipline are considered good. The results of the partial test (t test) show that if the work discipline is higher it will be able to improve employee performance, but for direct compensation, promotion, and motivation do not have a direct effect on employee performance. The simultaneous hypothesis test results show that F count is greater than F table so that it shows a significant effect, thus it can be concluded that direct compensation, promotion, motivation, and work discipline have a significant effect on employee performance. Direct Compensation, Promotion, Motivation, and Work Discipline affect the performance of employees at the cover department at PT. Seikou Seat Cover.

Keywords: direct compensation, promotion, motivation, work discipline

I. INTRODUCTION

The textile industry is part of a sector that has development priority because it has a role as a contributor to foreign exchange and absorbs a lot of workforce. In the downstream sector of the textile industry, Indonesia already has a high capacity with the potential for a number of large-scale and export-oriented garment factories. Based on data from the Central Statistics Agency (BPS), in the second quarter of 2020, the textile industry contributed 6.93 percent to the GDP of the non-oil and gas processing sector. Meanwhile, for the contribution to the national gross domestic product (GDP), the textile industry was in fourth place, being the largest contributor, reaching 1.24 percent.

In the roadmap of Making Indonesia 4.0 the national textile industry is targeted to be among the top five world players by 2030. The competitiveness of this sector is reflected in its export performance throughout 2019 which reached USD 12.89 billion, and in the January - July 2020 period it has penetrated up to USD 6.15 billion. In addition, as a labor-intensive sector, the textile industry in Indonesia has absorbed a workforce of more than 3.6 million people. Based on the 2011 Grand Design for Community Economic Development in Bandung Regency, Katapang District, the textile industry is a sectorial superior product because it has an LQ value of 1.36 - 1.35, so it can be stated that the sector has a dominant role in its contribution to the GRDP of Bandung Regency in particular. This indicates that the actors that form the basis of this have the potential to be developed because they have a relatively greater impact on the economy of this region, and also this sector has forward and backward linkages that are above the average of other economic sectors. PT. Seikou Seat Cover is a company engaged in garment manufacturing and chair cover located in Bandung Regency with a total number of employees of 577 people as of 1 January 2021.
II. LITERATURE REVIEW

Seeing the importance of the position of human resources in the company, it is appropriate for the company to give more attention through the policies taken. One form of policy that companies need to pay attention to is direct compensation, promotion, motivation and work discipline.

Compensation

Compensation is an expense and expense for the company. The company expects that the compensation paid will get a greater work performance benefit from the employees. So, the value of employee work performance must be greater than the compensation paid by the company, so that the company gets a profit and guaranteed company continuity. It is something that employees receive for the services they contribute to their work. They contribute what they think is valuable, both in their energy and knowledge. This compensation is a form of reward (either in cash or in kind) received by employees for the efforts they produce. According to Hasibuan (2017: 118), Compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. The establishment of an effective compensation system is an important part of human resource management as it helps to attract and retain talented jobs. In addition, the company's compensation system has an impact on strategic performance. According to Marwansyah (2016: 269), Compensation is an award or reward, direct or indirect, financial or non-financial, which is fair and appropriate to employees, as a reward or contribution / service to the achievement of company goals.

Direct Compensation

According to Hariandja (Zainuddin: 2017), direct compensation is compensation that is directly related to work such as wages or salaries, bonuses, and consumption. According to Nawawi (2011: 316) direct compensation is a remuneration provided by the company to employees for giving their achievements in the interests of the company. Compensation must be carried out fairly based on the determinants of the employee's eligibility for compensation in accordance with their performance and other factors.

Promotion

In the field of manpower, there are terms of promotion, demotion, transfer, tour of duty and awards. All the objectives of the term are meant to improve the performance of the company / organization at a better level. According to Edwin B. Flipo (2017: 108), A promotion involves a change from one job to another job that is better in terms of status and responsibility. Ordinary the change to the higher job is accompanied by increased pay and privileges, but not always.

According to (Hasibuan, 2016), Promotion is a transfer that enlarges the authority and responsibility of employees to higher positions in an organization so that the obligations, rights, status and income get bigger. According to Siagian (2015; 169), promotion is the transfer of employees or employees from one position or place to a higher position or place and is followed by duties, responsibilities, and higher authority than previously occupied positions. Promotion provides an important role for every employee; it is even the dream that is always looked forward to. Promotion means that there is trust and recognition regarding the ability and competence of the employee concerned to occupy a higher position. From the statements above, it can be concluded that promotion is marked by a change in position to a higher level. This change has resulted in increased responsibilities, rights, status, and authority, as well as greater status and greater income, accompanied by improvements in other facilities.

Motivation

In the context of work, motivation is one of the important factors in encouraging employees to work. There are three key elements in motivation, namely effort, purpose and need. Effort is a necessity of intensity. If a person is motivated, he will try his best to achieve goals, but not necessarily high effort will result in high performance. Motivation is something that encourages people to do something (Sutrisno in Purnomo, 2017). Furthermore, according to Afin Murtie (2016: 63) states that motivation is an impulse or turmoil that arises from within humans to fulfill their various needs according to their respective desires.

Meanwhile, the definition of work motivation from Hasibuan in Purnomo (2017) is "The giving of the driving force that creates the excitement of a person's work so that they are willing to work together, work effectively and are integrated with all efforts to achieve fulfillment of needs". Furthermore, according to Kadarisma (2016:
states that work motivation is the driving or driving force in a person to want to behave and work actively and well in accordance with the duties and obligations that have been given to him.

**Discipline**

Discipline is the capital needed to achieve the desired goals. So that, the existence of work discipline is very necessary in a company, because in an atmosphere of discipline an organization or agency will be able to carry out its work programs to achieve predetermined goals. According to Hasibuan (2016: 193), the meaning of discipline is: "The condition and willingness of a person to obey all applicable rules and norms". According to Hasibuan, it emphasizes discipline on one's awareness and willingness. Beach in Sutrisno (2016: 87) states that discipline has two meanings, the first involves learning or printing behavior by applying rewards or punishments, the second meaning is narrower, and namely this discipline is only related to punitive action against wrong behavior. The definition put forward by Beach emphasizes discipline in learning and action.

Meanwhile, according to Veithzal Rivai (2013: 444) that work discipline is a tool used by managers to communicate with employees so that they are willing to change behavior and as an effort to increase awareness and willingness of a person to comply with all company or organizational regulations. From the above definition, it can be concluded that discipline is the attitude of a person's willingness and willingness to comply with and obey all the rules and regulations that apply around it.

**Performance**

Performance is defined as what employees do or do not do (Ratna: 2019). Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him (Mangkunegara in Lusri, 2017). In Mangkunegara (2016: 67), Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him.

From the definition above, it can be concluded that employee performance is the result of measuring the work of employees in quality and quantity in a period of time in carrying out tasks in accordance with the responsibilities assigned to them.

Still same based on the theory of Mangkunegara (2016: 67), Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him. From the definition above, it can be concluded that employee performance is the result of measuring the work of employees in quality and quantity in one period of time in carrying out tasks in accordance with the responsibilities assigned to them. The achievement of company goals does not only depend on modern equipment, complete facilities and infrastructure, but rather depends more on the people who carry out the work. Therefore, qualified employees are employees who carry out their work and have high performance. Performance measurement is a way of measuring the direction and speed of change, which can be likened to a measuring device for measuring the speed of a car (Prijambodo in Memah, & Potolau, 2019).

**Linkage of Direct Compensation with Employee Performance**

In relation to direct compensation and employee performance according to Marliani et al. (2016) that the results of research conducted shows that financial compensation directly affects the performance of employees of PT. Telkom Manado, because the level of significance is smaller than 0.05, namely 0.000. This supports the research of Arlina Candra (2015) which examines the effect of direct and indirect compensation on job satisfaction and employee performance. The research results obtained that direct compensation has a positive and significant effect on employee performance. This shows that direct compensation can improve employee performance.

**Promotion Linkage with Employee Performance**

In relation to promotion and performance based on Marlindawaty, Fenty Anggrianita (2017: 293) "Through promotion, employees get the opportunity to prove better performance at the level. However, the boredom in work can be avoided and employees will tend to act competitively. "The research by Marlindawaty, Fenty Anggrianita (2017: 293) Proven through the F test (simultaneous) compensation, promotion, discipline and work stress have a positive and significant effect simultaneously or collectively on the performance of employees of the Telkom Balikpapan Cooperative.

**The Relationship between Motivation and Employee Performance**
Based on research conducted by Nesmi Seo et al. (2020) that to improve employee performance in completing their work, work motivation is one of the things that must continue to be done by the leadership of the company / organization / agency in this case PT. Telkom Kota Tomohon, by always providing motivation to employees will always feel comfortable at work and always get enthusiasm in completing work, this is what will encourage an increase in the quality of employee performance, where the results of this research are also in line with research conducted by Purnomo (2017) which states that work motivation has a significant effect on employee performance.

**The Relationship between Work Discipline and Employee Performance**

The results of research conducted by Syarkani (2017) show that the work discipline factor is very important to be applied properly to all employees of PT. Panca Construction. With a significant relationship between work discipline and employee performance of PT. Panca construction, then disciplinary action should be positive, not negative, which will drop employees who make mistakes because discipline aims to improve future activities, not punish past activities.

**The Linkage of Direct Compensation, Promotion, Motivation and Work Discipline with Employee Performance**

The results of the research by Marlindawaty, Fenty Anggrianita (2017: 293), it is proven that through the F test (simultaneous) compensation, promotion, discipline and work stress have a positive and significant effect simultaneously or collectively, the same on the performance of employees of the Telkom Balikpapan Cooperative.

With the existence of human resources who have the ability, high motivation and good work discipline, the company will make a breakthrough, namely giving awards or compensation to employees.

Thus, the management of the organization will be good and can be seen through the success of awarding employees based on fairness / company policy.

**Hypothesis**

![Conceptual framework drawing](image_url)

Figure 1. Conceptual framework drawing

Based on the results of previous research and theory, the hypothesis in this study is as follows:

- \( H_1 = \text{Direct Compensation (} X_1 \text{) has a significant effect on performance (} Y \text{)} \)
- \( H_2 = \text{Promotion (} X_2 \text{) has a significant effect on performance (} Y \text{)} \)
- \( H_3 = \text{Motivation (} X_3 \text{) has effect on performance (} Y \text{)} \)
- \( H_4 = \text{Work Discipline (} X_4 \text{ significant) has a significant effect on performance (} Y \text{)} \)
- \( H_5 = \text{Direct Compensation (} X_1 \text{), Promotion (} X_2 \text{), Motivation (} X_3 \text{), Work Discipline (} X_4 \text{) and jointly have a significant effect on performance (} Y \text{)} \)
III. RESEARCH METHODS

The object of this research is the effect of direct compensation, promotion, motivation and work discipline on the performance of employees of the cover department at PT. Seikou Seat Cover which is located in Bandung. The research method used in this research is descriptive analysis method with a quantitative approach. As stated by Sugiyono (2015: 53) that "Descriptive research is research conducted to determine the existence of independent variables, either only on one or more variables without making comparisons or linking with other variables (independent variables are independent variables, not variables), independent, since it is the independent variable always paired with the dependent variable."

The purpose of this descriptive study with a quantitative approach is to explain a situation to be studied with the support of literature study so as to further strengthen the researcher's analysis in making a conclusion. The results of this research are to obtain from the calculation results and to process the research variable indicators using IBM-SPSS Statistics then presented in writing by the researcher.

The variables used by the researcher are direct compensation as X₁, promotion as X₂, motivation as X₃, work discipline as X₄, and performance as Y.

Population and Sample

According to Sugiyono (2017: 80), "population is a generational area consisting of objects / subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions."
The population in this study was employees of the cover department at PT. Seikou Seat Cover Bandung. Based on the data obtained, the employee population is 130 people. The definition of a sample is part of the number and characteristics of the population. The sampling technique is a sampling technique and is grouped into two, namely Probability Sampling and Nonprobability Sampling.

Based on this understanding, it can be concluded that the sample is part of the population to be studied representing the characteristics of the population. If the study population is less than 100, the samples taken are all.

Based on the number of population and determined using the Slovin formula as the basis for determining
\[ n = \frac{N}{1 + Ne^2} \] (1) with an error tolerance of 5% (0.05), in this study the number of samples was set at 98 people. And hereinafter the sample is called the unit of analysis namely Probability Sampling and Nonprobability Sampling. The data that has been collected then processed and analyzed, data analysis is carried out both qualitatively and quantitatively. Qualitative analysis is carried out by describing the respondents' answers which are then presented in the form of tables, while quantitative analysis is carried out using statistical analysis.

Test Results

According to Sugiyono (2017: 348), validity is a measuring tool used to obtain data, the results of the study are said to be valid if there is a similarity between the data collected and the data that actually occurs on the object under study. The criteria for measuring validity according to Sugiyono (2017: 228):

a. If \( r_{\text{count}} > r_{\text{table}} \), then the question item is valid
b. If \( r_{\text{count}} < r_{\text{table}} \), then the question item is invalid

In testing the reliability using SPSS, the steps taken are the same as the validity testing step. Both outputs appear simultaneously. The reliability test is the level of reliability of the questionnaire, which when tested repeatedly on the same group will produce the same data (Simamora, 2009: 177). The reliability of a variable construct is said to be good if it has a Cronbach's Alpha value> 0.60 (Ghozali, 2011).

The author has tested the level of validity and reliability of the questionnaire distributed to the respondents with the help of the IBM-SPSS Statistics Program 23.

Based on the results of the validity test, all of them are valid and the results of the reliability test carried out on all items in this study indicate that all research items can be said to be reliable because the reliability coefficient value of Cronbach's Alpha> 0.60 is 0.825, 0.851, 0.860, 0.970 and 0.940.
The author has tested the level of validity and reliability of the questionnaire distributed to respondents with the help of the IBM-SPSS Statistics 23 program. Based on the results of the validity test, all of them are valid and the results of the reliability tests carried out on all items in this study indicate that all research items can be said reliable because the reliability coefficient value of Cronbach's Alpha > 0.60, namely 0.825, 0.851, 0.860, 0.970 and 0.940.

IV. RESULTS AND DISCUSSION

Multiple Correlation Analysis

To determine the degree of closeness of the relationship between direct compensation, promotion, motivation and work discipline on performance, the authors test the influence of the variables X₁, X₂, X₃, and X₄ on Y with multiple correlation analysis. By using the IBM-SPSS software, the correlation value between Direct Compensation, Promotion, Motivation and Work Discipline with Performance is obtained as follows:

Table 1

<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>.801</td>
<td>.642</td>
<td>.626</td>
<td>3.201</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), WorkDisciplin, DirectCompensation, Promotion, Motivation
b. Dependent Variable: Performance

Based on the table above, the calculation result of the multiple correlation coefficient (R) is 0.801. This shows the closeness of the relationship between Direct Compensation, Promotion, Motivation, Discipline and Performance variables including very strong criteria which are in the interval 0.80 - 1.00

Coefficient of Determination

The calculation of the coefficient of determination is carried out to determine the magnitude of the influence or contribution of the variable direct compensation, promotion, motivation and work discipline on performance. The coefficient of determination is the squared number of the correlation coefficient. The coefficient of determination analysis results can be seen in Table 1. The coefficient of determination multiple R² = 0.642 = 64.2%, which means that the performance at PT. Seikou Seat Cover in the cover department is influenced by Direct Compensation, Promotion, Motivation and Work Discipline of 64.2%, while the rest can be caused by the influence of other factors.

Partial test (t test)

The test aims at determine whether the independent variable or independent variable (X) partially affects the dependent variable or dependent variable (Y).

Table 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.276</td>
<td>3.343</td>
<td>.063</td>
<td>904</td>
</tr>
<tr>
<td></td>
<td>.143</td>
<td>.085</td>
<td>.122</td>
<td>1.674</td>
</tr>
<tr>
<td></td>
<td>.127</td>
<td>.096</td>
<td>.111</td>
<td>1.331</td>
</tr>
<tr>
<td></td>
<td>.174</td>
<td>.112</td>
<td>.149</td>
<td>1.550</td>
</tr>
<tr>
<td></td>
<td>.544</td>
<td>.076</td>
<td>.573</td>
<td>7.131</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The hypotheses proposed in this study are:

1. H₁ there is an effect of direct compensation (X₁) on employee performance (Y).
2. H₂ there is an effect of promotion (X₂) on employee performance (Y).

3. H₃ there is an effect of motivation (X₃) on employee performance (Y).

4. H₄ there is an effect of work discipline (X₄) on employee performance (Y).

Based on the significance value (Sig.)

1. If the significance value (Sig) < 0.05 probability then there is an effect of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted.

2. If the significance value (Sig) > 0.05 probability then there is no influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is rejected by Comparison Value t count t table

1. If t count > t table then there the influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted.

2. If the value of t count < t table then there is no influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is rejected.

Based on Table 2 with a significance level of 5% = 0.05 then:

1. Based on the significance (Sig.) T sig. 0.97 > 0.05, then H₁ is rejected, where there is no direct compensation variable effect on employee performance (Y).

2. Based on the significance (Sig.) T sig. 0.18 > 0.05, then H₂ is rejected, where there is no influence of the promotion variable on employee performance (Y).

3. Based on the significance (Sig) t sig. 0.12 > 0.05, then H₃ is rejected, where there is no influence of the motivation variable on employee performance (Y).

4. Based on the significance (Sig) t sig. 0.00 < 0.05, then H₄ is accepted, where there is a variable effect of work discipline on employee performance (Y).

Based on Table 2 for a comparison of the value of t count with t table = 1.985 and with degrees of freedom (df = n - k - 1) = 98 - 4 - 1) = 93 then:

1. For H₁ t count = 1.674 < t table = 1.985, so there is no direct compensation effect on employee performance (Y).

2. For H₂ t count = 1.331 < t table = 1.985, then there is no effect of promotion on employee performance (Y).

3. For H₃ t count = 1.550 < t table = 1.985, then there is no influence of motivation on employee performance (Y).

4. For H₄ t count = 7.131 > t table = 1.985, then there is an influence of motivation on employee performance (Y).

From the two interpretations above, it can be concluded that X₄ is known to have an influence on performance. It is known that the value of t table in the area of positive influence, so if X₄ has increased, the performance variable (Y) will also increase, in other words, if the work discipline is higher, it will be able to improve employee performance.

Simultaneous Testing (Test F)

Simultaneous testing is used to determine the value that gives a strong influence or relationship between two or more variables together. Then it can simultaneously test whether multiple regression is significant (real or not). In other words, we will test whether the multiple regression results show that the variables of direct compensation, promotion, motivation and work discipline together have an effect on performance or not. The results of the simultaneous test / F statistical test can be seen in the following table:

Table 3
Thetest is carried out with a statistical test, with the following steps:

1. Determine the statistical hypothesis

\( H_0: r_1 = r_2 = r_3 = r_4 = 0 \): meaning fourth independent variables simultaneously or have no effect on the dependent variable.

\( H_0: \) there is at least one \( r_1 \neq r_2 \neq r_3 \neq r_4 \neq 0 \): it means that the four independent variables simultaneously affect the dependent variable.

2. Determine the level of significance of \( \alpha = 5\% \) with degrees of freedom

\[(df = n - k + 1) = 98 - (4 + 1) = 93\]

where:

\( R \) = value of partial correlation coefficient

\( N \) = number of samples

\( K \) = number of independent variables

3. Looking for the calculated \( F \) value, where the value can be seen from the ANOVA output table above, namely 41.67

4. Determining the acceptance and rejection of the allegations of the proposed hypothesis with the test criteria:

1. \( H_0 \) is rejected if \( F_{count} \geq F_{table} \)

2. \( H_0 \) is accepted if \( F_{arithmetic} < F_{table} \)

Based on the results obtained from the comparison of \( F \) count with \( F \) table is \( H_0 \) rejected because: \( F \) count 41.67 > \( F \) table 3.94

Or decision making is based on significance:

1. \( F_{sig} < \alpha \), then \( H_0 \) is rejected, meaning the independent variable simultaneously influences the dependent variable.

2. \( F_{sig} > \alpha \), then \( H_0 \) is accepted, meaning that the independent variable does not simultaneously affect the dependent variable.

Then, the results obtained from the comparison of the significance level is \( H_0 \) rejected because: \( F \) sig 0.00 <0.05.

From the two interpretations above, it can be concluded that the variables of direct compensation, promotion, motivation and work discipline have a significant effect on performance.

V. CONCLUSION

Conclusion
Respondents’ responses regarding direct compensation at PT. Seikou Seat Cover is considered good, where the salary received is in accordance with the provisions of laws and government regulations as well as the incentives received can motivate me to work harder. It responses regarding promotions provided by PT. Seikou Seat Cover is considered good, where Honesty is one of the factors in consideration of promotion, but in this company it is not necessarily a consideration and employee work performance will not be an important consideration in employee career development. Respondents about motivation at PT. Seikou Seat Cover is considered good, where I work with enthusiasm to have good performance in the office and the conditions of the work environment make me comfortable doing work.

Respondents regards to work discipline at PT. Seikou Seat Cover is considered good, where I am always present on time at work and at work we always respect each other between employees. Direct compensation, promotion, and motivation have no effect on performance, while work discipline has an effect on improving performance. However, simultaneously direct compensation, promotion, motivation and work discipline together have an effect on employee performance in the cover department of PT Seikou Seat Cover.

VI. SUGGESTIONS

With the pandemic and inflation that occurred, companies need to pay more attention to their employees by giving gradual salary increases beyond the minimum wage increase, apart from being based on the employee's tenure at the company, providing salary increases is also done if the employee's education is getting higher.

In addition to the increase in salary outside the UMR, it is better for employees who are experienced in the company to consider career development for employees. Employees with good managerial skills are promoted so that the company will be more advanced. With the conformity with the education sector, it is better to have the opportunity to fill a higher position. Thus, employees will feel that their abilities are recognized by the company as well as a form of the Company's attention and appreciation for employee performance.

Companies should often supervise their employees so that they create good communication relationships which will make employees more focused on carrying out job responsibilities and achieving targets within the specified time.

REFERENCES