

THE INFLUENCES OF COMPETENCE AND COMPENSATION ON EMPLOYEE PERFORMANCE AT PT. MULYA JAYA CENDEKIA

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Abstract

This research aims at finding out the influence of Competence and Compensation on the Employee's Performance at PT. MJC (Mulya Jaya Cendekia), in Bandung. This research applies descriptive-analytic and verification by quantitative approach methods. Primary data are the source data. The research data were collected using questionnaires. There were 100 employees as the research samples. They were determined using simple random sampling technique from all 204 workers. . The data analysis was conducted by descriptive-analytic and path-analysis. The novelty of this research is the opening of opportunities for companies to implement education and training as an investment with multiple and reciprocal benefits for employees and for the company. On the one hand, it will increase the competence of employees and further improve their performance to obtain additional compensation. On the other hand, it will increase the company's productivity which in turn leads to an increase in profit. The findings show that there are positive and significant influences between employee's Competence and Performance Compensation. This means, the better the competence and compensation, the higher the employee's performance is going to be. In line with the findings, the employees are strongly suggested to improve their competence and PT. MJC provides compensation based on the employee's performance. Thus, collaboration between the two parties, employee and management, is established in order to improve the company performance.

Keywords: Influence, Competence, Compensation, Employee Performance

1. Introduction

Human Resources play important roles. It is the primary mover for all business activities. Every company must be able to maintain and improve the quality of its operational personnel. Noticing the motivation to improve skills and compensation given by the company is one of many ways to increase the performance quality. Besides, it is also very important for a company to make the employees feel appreciated for their works. Thus, they can work without pressures (Larasati, 2018). Developing human resource is a process of improving quality or capacity in order to reach the goals of development and management. Here, the process includes the development plan and human resource management.

Human resource must be well-managed, so it has competitive advantage. According to Hasibuan (2016), human resource management is the science and art of managing the relationship and roles of workforce, so they can be better and provide contribution in

reaching the goals of company, employee, and society. Reaching business goals depends not only on modern and sophisticated machines or infrastructures but also the human resources who execute the works. Employee performance strongly influences the success of a business. Thus, every company is willing to put efforts to improve efficiency of its workforce in order to completely reach the goals. Mc. Ashan (in Sutrisno, 2018) states that competence refers to knowledge, skills, abilities or capabilities that a person achieves, which become part of his or her being to extent that he or she can satisfactorily perform particular cognitive, affective, and psychomotoric behaviors. Meanwhile, Wibowo (2016) states that competence is an ability to execute or perform work or duty which is based on skills and knowledge, and encouraged by working behaviors demanded by the work.

Compensation is another factor influencing the performance. According to Handoko (in Sutrisno, 2018), compensation is everything the employees receive for the services and works they perform. Compensation is one of vital factor influencing performance. When compensation is not as expected, employees are not motivated and are not willing to reach achievement to improve their performance. The better competence and compensation provided, the better the employees are going to perform.

PT MJC is a reputable enough company in its field. To sustain its long-term existence, the executives must be able to continuously maintain the company's performance. Employee performance is one of factors supporting the realization of good performance in a company. There are many factors influencing employee's performance. Competence and compensation are some of them. The better competence and compensation provided, the better the employees are going to perform.

Based on the research background above, here are the questions researches:

1. How are competence, compensation, and employee's performance at PT MJC?
2. How does competence influence employee's performance at PT MJC?
3. How does compensation influence the employee's performance at PT MJC?
4. How do competence and compensation influence the employee's performance at PT MJC?

2. LITERATURE REVIEW

2.1 Competence

Competence literally means ability, authority, and expertise. Etymologically, competence means excellent and expert behaviors of an employee. This means the employees possess good knowledge, expertise and behavior. Competence has a characteristic, which has been part of the personal characters and part of someone's attitudes in executing his or her works (Mangkunegara, 2016). In line with this idea, Spencer (in Inova and Jayanti, 2019) states that competence is the fundamental character of individual attitude related to someone's performance or achievement.

Still, Boulter et al. (2006) state that competence is fundamental character which enables an employee to perform his or her superior work. Based on the explanation above, it can be said that competence contains deep and personal parts clinging to predictable attitudes in various

situations and works. The criteria or standards used can measure to predict who has either well performance or less well performance.

According to Haryono (2018), individual competence is the ability and skill of a person to do work which is influenced by several main factors, namely: knowledge, work skills, work attitudes or behavior, motivation or work ethios and special characteristics required by the task. It means that competence is a fundamental characteristic related to increasing performance from individuals or teams, which are based on the determined criteria.

Many authors, such as Edison et al. (2016), think that employee's performance is mostly related to competence, motivation, and organizational culture. Achmad (2016) even emphasizes that competence is a factor that every employee needs to be able to perform his or her work. Those ideas are in line with Abdullah's (2016) defines competence which is the underlying characteristics related to individual performance when performing works. Or it can also be defined as individual's fundamental characteristics which have causal relationship or cause-effect relationship to performance.

From the above definitions, it can be concluded that competence is the ability, skill, and knowledge somebody possess which directly influence his or her performance when doing his or her work. Furthermore, Sedarmayanti (2017) revealed that there are three main components of the formation of competence that is a knowledge possessed person, skill, and attitude. The description of each component of competence in question can be seen in the description below.

1. Knowledge is information owned by an employee to carry out his duties and responsibilities according to the field he is engaged in (certain), eg computer language. Knowledge of employees also determines the success or failure of the tasks assigned to him, employees who have sufficient knowledge to improve the efficiency of the organization.
2. Skill is an effort to carry out the duties and responsibilities given to a company employees with a good and maximal, for example, a computer programmer.
3. Attitude is a pattern of behavior of an employee in performing its duties and responsibilities in accordance with the rules of the organization. If the employee has the nature to support the achievement of the organization, then automatically all the tasks assigned to him will be done as well as possible.

2.2 Compensation

Compensation is another important factor in a company when it wants to provide care and keep employees. Many organizations compete to gain qualified human resources. This is because good human resource results in good work.

Mujanah (2019:3) concludes that compensation is a form of remuneration or award given to individuals for carrying out and completing a particular job assigned to them or having achieved a set standard or target. In line with that, compensation management can be interpreted as an activity in planning, implementing, controlling and developing a compensation system within the organization. In order for compensation management to lead to the achievement of high productivity and competitiveness of the company or organization

as expected, it must be strived for compensation management that contains the values of objectivity, fairness, and transparency so that the recipients are satisfied because what they receive is proportional to what they have contributed.

Compensation refers to everything an employee receives as his service for working or for dedication (Notoadmodjo, 2016). Meanwhile, according to Widyaningrum (2019), compensation can be defined as a form of remuneration provided by the company, either directly or indirectly, to employees as an appreciation for their contributions and work.

Still, according to Sutrisno (2018), compensation is one of important functions in human resources. Darma and Supriyanto (2017) add that compensation is one of factors positively impacting the work satisfaction. State that compensation, which is received by the employees for the return of their achievement. This means, compensation can be both extrinsic and intrinsic. It can also be either material or non-material.

Hasibuan (2016) later adds the factors influencing compensation. They are:

1. Demand and Supply of Jobs
If there are more job seekers (demand) than available vacancies (supply), compensation is relatively small. And vice versa, if there are more vacancies than job seekers, the compensation is relatively big.
2. Ability and Willingness of Company
The better the company's ability and willingness to pay, the higher is the compensation.
3. Labor Union/ Company's employee association
If the labor union is stronger and it can influence more, the compensation is bigger. And vice versa, if the labor union is not strong and it does not really have influence, the compensation is relatively small.
4. Employee's work productivity
The better the employee's productivity, the bigger and the more the compensation the employees get. And vice versa, the worse the employee's productivity, the smaller and the less the compensation they get.
5. Government with its Laws and Presidential Decree
Government, within the laws and presidential decrees, enacts the limit of minimum wage or service return. These government regulations are so crucial that business owner cannot decide at their wills the amount of service return for the employees.
6. Living Cost
The higher the living cost in the area, the higher is the compensation or wage. And vice versa, the lower the living cost, the smaller is the compensation or wage.
7. Position or Office of Employee
Employees with higher position or office are going to receive bigger wage or compensation. Meanwhile, the lower the position, the smaller the wage or compensation received.
8. Education and Working Experience
The higher the education and the longer the working experience, the bigger salary or return of service the employees get. This is because they possess better proficiency and

skills. And vice versa, the lower and the less experience the employees have, the smaller is the salary and the compensation.

9. Condition of National Economy

When a national economy booms, the rate for wage or compensation is bigger. This is because the nation enters a nearly full-employment. And vice versa, if the condition of national economy weakens (depression), the rate for wage is smaller. This is because there is a lot of disguised unemployment.

10. Type and Characteristic of Jobs

If the job is hard and it has bigger risks (in financial, safety), the rate for wage or service return is bigger. This is because the jobs require proficiency and precision to perform. But, if the job has easier and type and character to perform and it has lower risks (financial, safety), the rate for wage or service return.

In summary, compensation is received by employees who have worked optimally to achieve the company's goals. It can be said that compensation is a tool to stimulate the employee's performance. Thus, it is the company way to appreciate and return the employees' service and performance. This means that compensation is the most sensitive aspect of work because it can play an important role in developing employee competencies to increase their efforts in setting and achieving company goals.

2.3 Employee Performance

If we consider performance as a noun, then performance can be defined as work outputs achieved by an individual or team in a company and these output are in line with their respective authority and responsibility in order to reach company's goal legally, without breaking the law, and without contradicting to morals and ethics.

According to Mangkunegaran (2016), performance is the working output based on quality and quantity that an employee achieves when executing tasks assigned to him or her. Still, Sinambela (2017) state that employee's performance is defined as employee's ability to perform a certain skill. The performance of employee is really essential. From the performance, we can find out how the ability of an employee is when performing the assigned work. Thus, certain clear and measurable criteria are required to set together as the reference.

Based on the definitions above, employee performance can be defined as preparing tasks that arrange somebody's work. Thus, performance is the willingness of individual or group to perform or to perfect activities according to her, his, or their responsibilities and performance results are in line as expected.

Furthermore, functionally, performance is the result of a person's activities in an organization that is influenced by various factors directed at realizing organizational goals within a certain period of time with the expected behavior (Sinaga et.al.2014). In the context of a strategic plan, performance can be the success of individual personnel, but it can also be an accumulation of the collective performance of a number of individuals as a team or organizational unit in realizing the strategic goals that have been formulated previously.

3. Research Method

This research applied quantitative approach and descriptive-verification method. Descriptive research literally means to describe about situations or events. Meanwhile verification method, according to Sugiyono (2018), is research questions asking two or more variables. This research aims at testing and verifying a theory instead of developing it. The researchers decided this as quantitative research because this research was meant to find the truth whether there were influences of competence and compensation on employee performance at PT MJC or not. Analytical method verification used in this research was meant to analyze the causal relationship between variables. And to systematically tested the hypothesis in this research, path analysis was employed by using software SPSS 23.0.

The data in this research were gained from questionnaires. And the population were all employees working at PT MJC. There were 100 employees involved. They were picked using random sampling technique. Random sampling technique means the samples are chosen randomly (Sugiyono).

Path analysis was performed in order to estimate the causal relationship between the variables and to find out the position of every variable. Model significance was shown based on beta (β) coefficient, which was significant on the path. Path analysis model can be explained by the following equation:

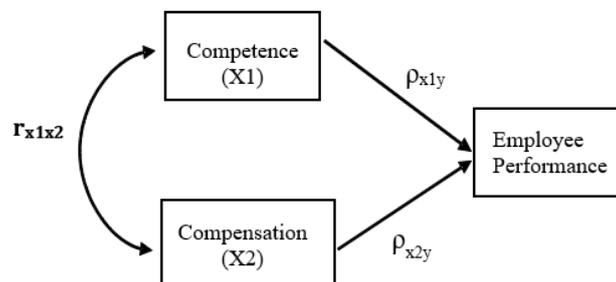


Figure1. Structural Model

Based on the equation of structural path model on the above diagram, then here is the equation:

$$\text{Substructure 1: } Y = \rho_{x1y}X1 + \rho_{x2y}X2 + \varepsilon_1$$

Description:

X1 = Competence

X2 = Compensation

Y = Employee performance

ρ_{x1y} = path coefficient between variables X1 and Y

ρ_{x2y} = path coefficient between variables X2 and Y

ε = Error

Based on the above equation, the path analysis was able to find out both the direct and indirect influences from one independent variable to another dependent variable without another variable, which is called intervening variable. Based on analysis, path analysis can figure out both the direct and indirect influences from one independent variable to another dependent variable without the existing of another variable, which is called intervening variable. Basically, path analysis is a form of structural linear regression analysis. Structural linear regression analyses are related to standardized variables in a closed system, which is formally complete. Thus, path analysis can be viewed as a structural analysis discussing causal relationship between variables in a closed system (Hamid, 2019).

According to Sugiyono (2018), hypothesis is temporal answers for the formulated problems. These formulated problems are expressed in the form of questions. They are claimed as temporal answers because the answers are merely based on the theories. Hypothesis is formulated in a framework and it is temporal answer for the formulated problems. Here are the hypotheses in this research:

H₁: There is influence of Competence on the performance of Employee X

H₂: There is influence of Compensation on the performance of Employee X

H₃: There are influences of Competence and Compensation on the performance of Employee X.

4. Findings

Based on the descriptive analysis performed, there were percentages and scores found from variables of Competence, Compensation, and Employee Performance. They are shown in the following Table 1.

Table1. Descriptive Analysis

Variable	Dimension	Actual score	%	Criteria
Performance (Y)	Technical ability	2038	67.9	Fair
	Conceptual ability	1379	68.9	Good
	Interpersonal-relationship ability	1691	67.6	Fair
	Knowledge	1023	68.2	Good
Competence (X1)	Skill	1363	68.2	Good
	Motive	1040	69.3	Good
	Attitude	694	69.4	Good
	Personal Image	1017	67.8	Fair
Compensation (X2)	Salary	1011	67.4	Fair
	Facility	1035	69.0	Good
	Incentive	1006	67.1	Fair
	Benefit	1007	67.8	Fair
	Wage	1011	67.4	Fair
Employee Performance		5108	68.1	Good
Competence		5137	68.5	Good
Compensation		5070	67.6	Good

Based on the descriptive analysis above, the dimension of conceptual ability in variable of performance had the highest score, which was 68.9%. Meanwhile the dimension of interpersonal-relationship ability had the lowest score, 67.9%, which still belonged to category of fair. In variable of Competence, respondents' perception on employee's attitude had the highest score, which was 69.4%. Meanwhile knowledge and skill had the lowest percentage, 68.2%. In variable of Compensation, respondents' perception on facility had the highest score, 69.0%. Meanwhile incentive had the lowest score, 67.1% and it still belonged to category of fair.

The above description shows that variables of Competence, Compensation and Employee Performance showed the 'good' criteria. Thus, employees' perceptions on Competence,

Compensation, and Employee Performance at PT. MCJ were good enough. The next one was verification analysis. This analysis was conducted to find out the influence of Competence and Compensation on Employee Performance at PT. MJC. A series of path analyses were performed for this, they were normality assumption test, analysis on correlation coefficient, analysis on path coefficient, coefficient of determination, analyses on direct and indirect effects, and hypothesis test.

Test of Normality Assumption

By using software SPSS 23, the results of *Kolmogorov-Smirnov (K-S) test* are as following:

Table2. Kolmogorov Smirnov Test

		Unstandardized Residual
N		100
Normal Parameter ^{a,b}	Mean	.0000000
	Std Deviation	3.903558566
Most extreme differences	Absolute	.057
	Positive	.057
	Negative	-.036
Test Statistic		.057
Asymp. Sig. (2-tailed)		.200 ^{c,d}

- a. test distribution normal
- b. calculated from data
- c. Lilliefors Significance Correction
- d. this is a lower bound of the true significance

From the results of Kolmogorov Smirnov test, it can be seen that significant figures on unstandardized residuals in substructure model 1 was bigger than 0.05. Thus, it can be concluded that the data were distributed normally.

Analysis of Correlation Coefficient

Analysis of correlation coefficient was used to determine the strength relationship between variables of Competence and Compensation. The results of correlation coefficient test between variables can be seen as the following table:

Table3. Kolmogorov Smirnov Test

Correlation		Competence	Compensation
Competence	Pearson Correlation	1	.922**
	Sig. (2-tailed)		.000
	N	100	100
Compensation	Pearson Correlation	.922**	1
	Sig. (2-tailed)	.000	
	N	100	100

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

Based on the table, the correlation value between Competence and Compensation was 0.922, thus it had strongly positive relationship.

Analyses of Coefficient of Path and Coefficient of Determination

Sub Structure 1: Competence and Compensation on Employee Performance.

Based on the results of path analysis by SPSS, then here is the result:

Table4. Test on Coefficient Path Sub Structure 2

Model		Standardized Coefficient		
		Beta	t	Sig.
1	Constant		2.383	.025
	Competence	.470	5.050	.000
	Compensation	.483	5.194	.000

Based on the path coefficient test, the score of standardized coefficients gained for the Competence and Compensation on Employee Performance was as following:

$$Z = 0,470 (X1) + 0,483 (X2) + \epsilon_2$$

The score of residual coefficient and influences can be found out through the following calculation:

Table 5. Determination Coefficient Substructure 2

Model	R	R Square	Adjusted Square	R Std Error of the Estimation
1	.935a	.873	.871	3.94362

a. Predictors: (Constant), Compensation, Competence

b. Dependent Variable: Employee Performance

From the above table we can see that correlation values between variables of competence and compensation on employee performance was 0.935. This means the variables of competence and compensation had strong and positive relationship. The score for the influences of Competence and Compensation on Employee Performance was 0.873. This result indicates that variables of Competence and Compensation gave great influence on Employee Performance, which was 87.3%. Meanwhile the remaining 12.7% was influenced by other known model variables.

Based on the both equations above, the path for every variable can be shown as the following figure:

Based on the equation of structural path model on the above diagram, then here is the equation:

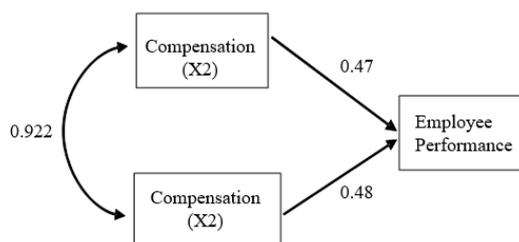


Figure2. Structural Model of Path Coefficient

Direct and Indirect Influences

The scores for direct and indirect influences of each variable are shown in the table below:

Table 6. Direct and Indirect Influences

Path	Direct Influence	Indirect Influence	Total Influence	R-Squared
X1 → Y	$(0,47)^2 = 0,221$	$0.47 \times 0.922 \times 0.48 = 0.21$	0.431	0,873
X2 → Y	$(0,48)^2 = 0,23$	$0.47 \times 0.922 \times 0.48 = 0.21$	0.44	

Based on the above table, we can see that variable of Competence gave direct effect in influencing the Employee Performance. Its influence was 22.1% and higher than indirect influence, which was 21%. Then, in term of Competence on Employee Performance, it was 23% for direct influence. This was higher than the indirect influence, which was 21%. Thus, we can see that Compensation provided higher influences on Employee Performance than Competence. It can be concluded if the Competence was well executed and it was supported by compensation, the Employee Performance got better.

5. Discussion

5.1 Influence of Competence on Employee Performance

The first hypothesis test, which was Competence on Employee Performance, gained sig. value $(0,00) < 0,05$. Thus H_0 was rejected. This means that there were positive and significant influences between Competence and Employee Performance in which Competence variable influenced 43.1% on Employee Performance positive path coefficient. This means the better the compensation, the better is the Employee Performance. And vice versa, the worse the Competence the worse is Employee Performance.

The findings in this research are in line with Inova and Jayanti's research. They conducted a research entitled "*Pengaruh Kompetensi dan Kompensasi Terhadap Kinerja Karyawan PT. Maan Ghodaqo Shiddiq Lestari Jombang*" (Influences of Competence and Compensation on Employee Performance at PT. Maan Ghodaqo Shiddiq Lestari Jombang) in 2019. Inova and Jayanti (2018) state that there were positive and significant influences between variables of competence and employee performance. Their findings show that low compensation for employee resulted in low employee performance. This happened because the company only implemented only some theoretical indicators, which were personal concept, motivation, and attitude. Other characteristics were not included. Other characteristics, such as knowledge and ability were not included. This was why the employee performance tended to be low and they frequently did not reach target. Low competence was the cause.

This research was also in accordance with research of Soetrisno and Gilang entitled “*Pengaruh Kompetensi Terhadap Kinerja Karyawan (Studi di PT. Telekomunikasi Indonesia Tbk Witel Bandung)*” (The Influence of Competence on Employee Performance (Case Study at PT. Telekomunikasi Indonesia Tbk Witel Bandung) in 2018. They state that competence had positive and significant influences on employee performance. Another research “The Effect of Competence and Motivation on Employee Performance Through Employees Capabilities on PT. Binasinar Amity” by Kurniawan and Sodikin in 2018 also confirms this research’s findings. Kurniawan and Sodikin state that competence directly and indirectly influenced the employee performance.

This research is also in line with research of Martini et al (2018) entitled “The Influence of Competency on Employee Performance”. They state that competence showed positive and significant influence on employee performance. Still, another research showing similar results with this research is by Indriyani and Heruwasto (2017) entitled Effect of Compensation and Benefit to Employee Engagement through Organisation Brand in Indonesia’s Startup Company.

5.2 Influence of Compensation on Employee Performance

The second hypothesis test resulted value of the influence of Compensation on Employee Performance sig. (0,000) < 0,0. Thus H_0 was rejected. This means that there were positive and significant influences between Compensation and Employee Performance in which variable of Compensation gave 44% of total influence on Employee performance through positive coefficient path. Therefore, the better the Compensation, the better is the Employee Performance. And vice versa, the lower the compensation, the worse is the Employee Performance.

This research is in line with research of Emerole and Edeh (2017) entitled *The Effect of Compensation on Employee Performance in Nigeria Civil Service: A Study of Rivers State Board of Internal Revenue Service*. Emerole and Edeh state that compensation had direct and significant influences on employee performance. This study suggests that benefits must be paid off soon, so ineffective performance can be avoided.

Another research in line with this study is by Prasetyo et al (2021). They state that compensation had significant and influence on employee performance. The results of their research imply that compensation required attention, thus employee performance could be increased in order to reach the company’s target.

The results of this research also confirm the result of Darma’s research entitled “*The Effect of Compensation on Satisfaction and Employee Performance*” (2017). His research shows that compensation had influences on employee satisfaction and employee performance. Still, Sukriyani’s research (2021) also emphasizes results on this research. Sukriyani proves that there were positive correlations between the compensation and PNS’ (civil servants) performance in the office of Government of Kepulauan Yapen Regency.

5.3 The Influences of Competence and Compensation on Employee Performance

F-Test in SPSS was conducted for the hypothesis test of Influences of Competence and Compensation on Employee Performance. Here are the results.

Table 7. F-TestA NOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1041.440	2	5205.220	334.694	.000 ^b
	Residual	1508.560	97	15.562		
	Total	11919.000	99			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Compensation, Competence

Based on the F-Test above, it can be found out the value of sig. (0,00) < 0,05, thus H₀ was rejected. This means there were positive and significant influences between Competence and Compensation on Employee Performance in which Competence and Compensation simultaneously influenced 87.3% of the Employee Performance.

This research is in line with Rostiana and Iskandar's research entitled *Kompensasi Terhadap Kinerja Karyawan Di PT. Gembala Sriwijaya Jakarta pada tahun 2020* (Compensation on Employee Performance at PT. Gembala Sriwijaya Jakarta in 2020). They state that Competence along with Compensation had influences on Employee Performance. This research is also line with Miraningsih's research (2017) entitled "*Pengaruh Kompetensi dan Kompensasi Terhadap Kinerja Karyawan pada CV Krisna Oleh-Oleh Temukus*" (*The Influences of Competence and Compensation on Employee Performance at CV Krisna Oleh-Oleh Temukus*) which state that Competence and Compensation gave positive and significant influences on Employee Performance.

6. Conclusion

6.1. Main findings of the present study

Based on employee perceptions as stated in the questionnaire answers, the main findings of this study are:

- i. That employees show good performance with a score of 68.1%., have good competence with a score of 68.5%, and receive good compensation with a score of 67.6%.
- ii. There were positive and significant influences between Competence and Employee Performance. The Competence variable contributed to 43% of influence on Employee Performance.
- iii. There were positive and significant influences between Compensation and Employee Performance. The Compensation variable contributed to 44% of influence on Employee Performance.
- iv. There were influences of Competence on Employee Performance through Compensation. The indirect influence of Competence on Employee Performance was 21%.

6.2. Comparison with other studies

Finding about the relationships between the independent variable and the dependent variable in the study conducted at PT MJC are in line with conclusions from research conducted by researchers in different companies. This fact strengthening the theory about one of the advantages of quantitative research is that the results can be generalized. However, it is necessary to conduct research that considers the size of the company and the type of company, each of which has unique characteristics. Likewise, if the research is carried out in other areas, keep in mind that Indonesia is an archipelagic country with 704 tribes with their respective sub-cultures.

6.3. Implication and explanation of finding

The findings of this study are that there is a strong and significant relationship between compensation, competence and performance of PT MJC employees. As an implication of the results of this study is the opening of opportunities for companies to implement education and training as non-financial compensation. As suggested by many experts, lately non-financial compensation is very important to pay attention to improve employee performance.

6.4. Strengths and limitation

6.4.1. Strength

This study applies a correlational quantitative method. Therefore, this study by itself has two main strengths. First, because the research takes place in real-life situations, therefore the data collected is more applicable to everyday life. Second, correlational research examines the relationship or certain phenomena between variables. As a result, this study provides an initial position that opens up opportunities for further research by elaborating the phenomenon in greater depth.

6.4.2. Limitation

It is realized that this study has a number of limitations that open up opportunities for further research. First, this study uses a cross-sectional survey design and the construction of competence, compensation and performance is measured based on employee perceptions. This may limit the understanding of the variables of this study among the respondents. Second, because a correlational design was used in this study, causal relationships were not investigated.

6.5. Conclusion, recommendation, and the line of future research

6.5.1. Conclusion

Based on the results of data analysis and the previous discussion on the influences of Competence and Compensation on Employee Performance at PT. MJC, here are some conclusions: Based on the results and discussion in research, we can conclude that; 1) That employees show good performance, have good competence, and receive good compensation. 2) Competence and compensation have positive and significant effect on employee

performance, 3). There were influences of Competence on Employee Performance through Compensation, and indirect influence of Competence on Employee Performance.

6.5.2. Recommendation

Based on the research findings and the conclusion explained above, there are some suggestions:

- i. For the PT MJC's employees The employees are suggested to improve their competence, so they can improve their performance. This is a contribution helping the company to achieve the company's target.
- ii. For PT MJC. As a company, is recommended to provide appropriate compensation according to the employee's performance. Thus, the employees are going to improve their performance for the company.

6.5.3. The line of future research

To overcome the limitations of this study, other researchers who wish to conduct studies are suggested as follows.

- i. The limited meaning of quantitative research data can be enriched and deepened by combining it with qualitative research.
- ii. Due to a correlational design was used in this study, causal relationships were not investigated. Thus, future studies could apply multiple regression designs to examine causal relationships between variables in the same construct.
- iii. Other researches may develop this research using other methods in studying the influences of Competence and Compensation on Employee Performance. Therefore, we can gain more comprehensive understanding in developing performance of human resources and their influencing factors.

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