OPEN ACCESS
Saudi Journal of Economics and Finance
Abbreviated Key Title: Saudi J Econ Fin
ISSN 2523-9414 (Print) |ISSN 2523-6563 (Online)
Scholars Middle East Publishers, Dubai, United Arab Emirates
Journal homepage: http://saudijournals.com/sjef/

Review Article

The Effect of Direct Compensation, Indirect Compensation, and Employee Status on Employee Performance at PT. XYZ

Hermansyah[1], M. Havidz Aima[2] and Istianingsih[3]
[1]Student of Magister Management Program, University of Mercu Buana (UMB), Jakarta Indonesia
[2]Senior Lecturer of Magister Management Program, University of Mercu Buana (UMB), Jakarta Indonesia
[3]Economic Faculty, University of Bhayangkara Jaya, Jakarta Indonesia

***Corresponding author:** Hermansyah
| **Received:** 20.04.2019 | **Accepted:** 26.04.2019 | **Published:** 30.04.2019
DOI:10.21276/sjef.2019.3.4.3

Abstract

This study aims to analyze several decesive determinants such as; direct compensation, indirect compensation, and employee status toward employee performance at PT. XYZ engaged in telecommunications infrastructure. The population of this study is all the employees in the business unit of PT. XYZ who are 56 employees, due to the total population is not greater than 100 respondents, the research sample is 100% of the population in the business unit of PT. XYZ. Data collection techniques used in this study was using questionnaire instruments which distributed to respondents in the business unit of PT. XYZ was held in November 2017 until March 2018. The data analysis technique used multiple regression analysis by using SPSS 24.0 to test the hypotheses, classic assumption test, reliability, instruments validity or measuring instruments which used. The finding in this study indicates that direct compensation, indirect compensation, and employee status have a significant and partial effect toward employee performance of PT. XYZ. This research certainly also has a number of managerial implications which are the practitioners must pay more attention to employee performance appraisal programs, providing compensation related to mandatory allowance, non-compulsory allowance, and program benefit which also defining a career path that is evident for the contract employees must be translated in *employee career planning*, so that all the employee are motivated to achieve their career goals in accordance with the target and the implementation of *compensation online dashboard* which must be performed by PT. XYZ, so that employees can access their right and obligation transparently or openly.

Keywords: Direct compensation, indirect compensation, employee status, employee performance.

INTRODUCTION

PT XYZ is engaged in telecommunication infrastructure. In 2007 PT. XYZ is included in the business of managing national-scale telecommunication tower. Armed with that admission, PT. XYZ began to transform its business by entering the business of providing telecommunications infrastructure which includes network planning, sitac service, IMB management service, and telecommunications tower rental service. Today PT. XYZ has cooperated with various telecommunication operators. like: PT. Telecommunication Cellular, PT. XL Axiata, Tbk, PT. Indosat, Tbk, PT. Hutchison Tri Indonesia, PT. Bakrie Telecom, Tbk, PT. Smartfren Telecom, Tbk, And several non-telecommunications companies/ institutions as strategic partners.

This research was conducted at PT. XYZ and focused on the research or analysis related to employee performance in one division or business unit within the structure of PT. XYZ. There was an interesting phenomenon where the performance of PT. XYZ from the first semester of 2017 to the second semester of 2017 was still low, it can be seen from the several of business processes that have not reached the company's target, and those can be seen in Table 1 below:

Employee performance in Table 1 beside is still showing that the results are below the target which has been setted by the company. The pre-survey results conducted by the author through 18 respondents where the results are there were several factors that affected employee performance which include salary, health benefit, office facilities, bonus, status, work location, career clarity, supervisor behavior and working hours

Table-1: Contract Management 2016-2017 PT. XYZ

Information	Year (%)			
SOW in KM	2016 (1)	2016 (2)	2017 (1)	2017 (2)
Compliance PO-GR	97.1	84.9	97.1	90.7
BAUK	92.9	99.1	92.9	98
BAST (CME)	97.1	100.6	97.1	90/7
Average	92.0	95.2	92.0	94.9

Source: Prepared by the writer

Table-2: Factors Affecting Performance of PT. XYZ

Factors affecting Performance	Percentage (%)
Salary	100%
Health allowance	83,3%
Employment status	83,3%
Work Environment	61,1%
Career Clarity	38,9%
Bonus	33,3%
Behavior of superiors	27,8%
Office Facility	22,2%
Age pension	22,2%
Work Location	5,6%

Source: Prepared by the writer

Furthermore, from the pre-survey result there are three biggest factors that influence employee performance including the Direct Compensation Factor (salary), Indirect Compensation Factor (health allowance) and employee status factor. The factors that influence the performance can be seen in Table 2:

Based on the results of the pre-survey, the biggest factors that influence individual performance are including the Direct Compensation factor, which shows the salary factor influence employee performance. Second, the Indirect Compensation Factor contributes 83.3%, this shows that Indirect Compensation Factors is affecting employee performance at 83.3%. This shows that Indirect Compensation Factors affecting employee performance. In addition, the Employee Status factor contributed 83.3%, this shows that the Employee Status Factor also affects employee performance. The pre-survey results also showing that the salary, health benefits, and employment status factors are the three biggest factors that influence employee performance. Based on the phenomena above the writer were interested in doing more in-depth research on the performance of PT XYZ employees.

LITERATURE REVIEW

Compensation

Mondy [1] states that compensation is the total of all benefits received by employees in lieu of the services they have provided. The main purpose of providing compensation is to attract, retain, and motivate employees. According to Rivai [2] compensation is something that employees received as a substitute for their service contribution for the company. In addition, Ardana [3] reveals that compensation is everything that is received by employees as remuneration for their contribution for company or organization.

Direct Compensation

Mondy [1] reveales that financial compensation or direct compensation is a payment that someone received in the form of wage, salary, commission, and bonus. Many people nowadays choose the job by considering big or small amount of direct compensation is given. Direct compensation is direct financial payment in the form of salary, incentive or bonus or commission [4].

Noe [5] in Aulia and Troena [6] states that financial compensation indicator is divided into three. First, Wage and salary which is financial rewards paid to employees on a regular basis such as annual, quarterly, monthly and weekly. Second, incentive which is direct benefits paid to employees due to their performance is above the standard by assuming that the money can be used to encourage employees to work harder, then those who are more productive will prefer their salary to be paid based on their work. Third, bonus which is an additional compensation given to an

employee which the number is above the normal salary. Bonus can be used as reward for achieving specific goal which determined by the company, or for dedication to the company. Therefore, direct compensation is an award or reward called salary or wage, which is paid regularly based on a fixed grace period. Compensation is also directly called basic wage, which is a fixed wage or salary that a worker received in the form of a monthly, weekly, hourly wage at work.

Indirect Compensation

Sofyandi [7] suggests that indirect compensation is the provision of compensation to employees as a company effort to improve the employee welfare. Certainly this compensation is not directly related to the work that carried out by the employee. Examples; benefit, facility, and service are provided by the company. Mondy [8] reveals that indirect financial compensation includes all financial awards that do not include direct compensation. The manifestation of indirect compensation includes labor insurance programs (social security), social assistance, health insurance and day off.

The main indicator of indirect financial compensation or benefits according to Mondy [1], is Mandatory Benefit (required by law) such as social security, unemployment compensation, employee compensation, and family day off. Second, non-compulsory allowance (voluntary) such as non-working payment, health care, life insurance, retiring plan, employee stock design, additional benefit for unemployee additional allowance, employee service, and premium payment. Third, an allowance design plan that allows employee to make an annual selection to determine their allowance package as a whole by choosing between taxable cash or various other allowance.

Employee Status

Faisal [9] reveals that permanent employee is the employees who accept or receive certain amounts of rewards regularly. The criteria of permanent employees are private employee, civil servant and retiring recipients. Permanent employee allowance could be in the form of salary, various allowances, irregular income such as bonus, honorarium for service production, gratification, and so on. Meanwhile, Herawati [10] reveals that contract employee and *outsourcing* are work relation in the form of *precarious work*, a term that is commonly used internationally to indicate a situation of non-permanent employment relation, a certain time, freelance work, insecurity/unsafe and uncertain. Whereas according to Jehani [11] Work agreement is an agreement between worker and employer/employee that contains work conditions, rights and obligations of the parties starting from the first time employment relationship to the end of the employment relationship.

According to Rini and Dilla [12] there are a lot ofcompanies asigns a contract employee recruitment policy nowadays. Furthermore, it was stated that there was a huge difference in achievement motivation between contract employee and permanent employee where contract employee always tried to meet the turnover target demanded by the company, while permanent employee often threw their job responsibilities to contract employee

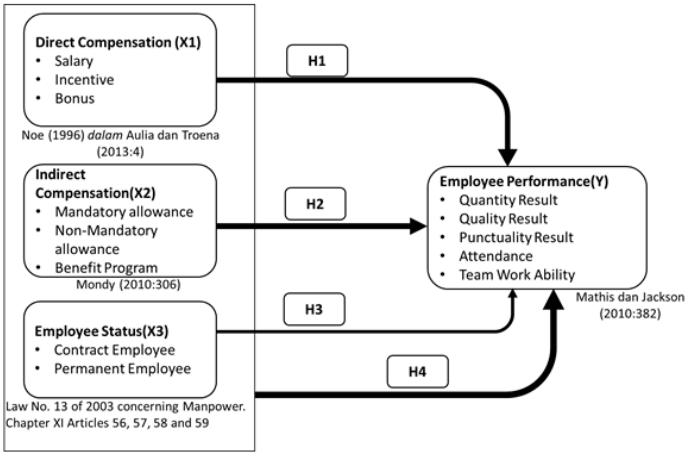
Performance

Mathis and Jackson [13] argue that performance is basically about what employee do or don't. Employee performance which is commonly consist of several elements namely quantity result, quality result, timeliness result, attendance and ability to work in a team. According to Dessler [4] Performance (work achievement) of employees is the actual performance of employee compared with the employee expected performance. Expected work performance is a standard achievement which aranged as a reference to measure the employee performance in accordance with its position compared to the standards made.

According to Robbins and Judge [14] the evaluation of management criteria will have a major influence on employee. The three most popular criteria are the results of individual tasks, behavior, and character. Mangkunegara [15] stated that the factors that influence performance achievement are ability factor and motivation factor.

Mathis and Jackson [16], suggest that the basic performance is including several elements, which are the Quantity results, the achievement of targets or targets in quantity can be measured absolutely, in percentage or index. Second, the quality of the results, namely quality is relative, so it is not easily measured, and is very dependent on individual tastes. Quality can be seen by being felt, seen, or touched. Third, the timeliness of results, namely situations where doing work always takes time as input. Time is a valuable and limited resource so it cannot be stored and delayed so time must be used as quickly and optimally as possible. Fourth, attendance or attendance. Fifth, the ability to work together where in work, each employee must have the ability to work together and be able to work in teams or groups.

Conceptual Framework



Sjafri [9] revealed that compensation with employee performance has a very significant relationship. The higher compensation is the higher employee of level performance. The higher degree of satisfaction will further increase employee motivation in achieving high performance. If managed properly, compensation helps the company to achieve goals in obtaining, maintaining, and controlling optimally. Sukmawati [17] also succeeded in finding that direct compensation is the most influential variable on employee performance compared to other variables

Furthermore, Mondy and Noe [18] in Panggabean [19] suggest that indirect compensation is (fringe benifit) is additional compensation given based on institute policy.

Figure 1: Conceptual framework for all employees in an effort to improve employee welfare.For isntance health insurance, life insurance, and housing assistance. Thus, eventually it can increase or decrease employee performance in a company. On the other hand, Sofyandi [7] argues, indirect compensation is giving compensation to employees as a company effort to improve employee welfare.

In addition, Herawati [10] asserts that contract employees and outsourcing are forms of work relationships including into the precarious work category, a term that is usually used internationally to indicate a situation of non-permanent employment relationships, certain time, freelances work, not guaranteed / unsafe and uncertain. At present many companies have established contract recruitment policies. Furthermore, it is stated that there are differences in motivation achievement between contract employees and permanent employees where contract employees always try to meet the turnover target demanded by the company, while permanent employees often throw their work responsibilities to contract employees Rini and Dilla [12]. These situations and conditions for permanent and non-permanent employees can cause differences in work motivation and employee organizational commitment in a company Jenell & James [20], state that in the Partial Inclusion Theory is an approach to differences in permanent employees and contracts. It is deemed necessary to differentiate between permanent employees and contracts, because there are differences in their attitudes and behaviors. The theory provides a framework for understanding how groups of contract employees are different from one another, as well as different from permanent employees. Indicating the treatment that received by permanent and non-permanent employees is very different, and triggers contribution or performance differences that they give to a company. Thus, based on a number of previous studies and several supporting theories related to the relationship between constructs, the following is the framework of this study:

Furthermore, based on the description of the problem formulation, literature review, and existing framework, the following hypotheses can be formulated:

H1: There is a significant influence between direct compensation on employee performance in the Business Unit at PT. XYZ.
H2: There is a significant effect between indirect compensation on employee performance in the Business Unit at PT. XYZ.
H3: There is a significant influence between employees status on the performance of employees in the Business Unit at PT. XYZ.
H4: There is a significant influence between direct compensation, indirect compensation and employee status simultaneously on the performance of employees in the Business Unit at PT. XYZ.

Research Methods

This research is quantitative research at PT. XYZ was conducted from November 2017 to March 2018. This research method is descriptive-analytical means that this study wants to describe clearly the

description of direct compensation effect, indirect compensation and employee status on employee performance in the business unit at PT. XYZ through samples or data and make general conclusions. Survey methods are used to obtain data by distributing questionnaires, tests, structured interviews and etc. The use of survey methods will make it easier for researchers to obtain data to be processed with the aim of solving problems that becomes final purpose of this study [21].

Sample and Population

The population in this study was all employees in the business unit at PT. XYZ which amounts to 56 employees and all of them as samples or respondents

Data Collection Techniques

Data collection techniques used in this study used questionnaires distributed to the respondents studied. Siregar [22] says that a questionnaire is an information gathering technique that allowing analysts study the attitudes, beliefs, behaviors and characteristics of some people especially in organizations that can be affected by the system proposed or by an existing system. The questionnaire uses the Likert scale, to convert data from qualitative to quantitative. Likert scale is a scale used to measure attitudes, opinions, and perceptions of someone about an object or a particular phenomenon [23]. Weighting the questionnaire answers using a five-point Likert scale. The research instrument provided alternative answers from each question and respondents can choose one of the appropriate answers, each item worth 1 to 5 is adjusted to the alternative answers chosen from each statement.

Data Analysis Techniques

The data analysis technique used in this study is multiple linear regressions. According to Sugiyono [24] data analysis is the process of systematically searching for and compiling data that has been obtained by organizing data into categories, describing into units, synthesizing, arranging into patterns, choosing which ones are important and will be learned, and make conclusions so that they are easily understood by themselves and others. Sugiyono [24] revealed that multiple linear regressions are used when there are two or more *independent* variables (X) with *dependent* variables (Y).

FINDINGS AND DISCUSSION

Descriptive statistics

Descriptive statistics analysis in this study aims to explain descriptively and in detail, also describe the data characteristics, which can be seen from the average value of data processing results using software assistance.

Table-3: Descriptive Statistics Test Results

Variable	N	Mean
Direct Compensation (X_1)	56	1.52
Indirect Compensation (X_2)	56	1.49
Employee Performance (Y)	56	1.51

Source: Data processing results, (2018)

Table-4: Descriptive Statistics Test Results - Work Status

Variable	Frequency	Percentage
Contract	6	10,7
Contract/Not permanent	50	89,3
Total	56	100

Source: Data processing results, (2018)

Based on the data in Table 3 above shows the average value of direct compensation (X1) of 1.52, this represents that the respondents rated PT. XYZ has not provided an appropriate salary, and does not provide additional incentives for employees, and the company also does not provide bonuses regularly and also does not provide bonuses for consideration of employee performance. Meanwhile, the average value of indirect compensation (X2) is 1.49, this indicates that the employees rate PT. XYZ has not provided health insurance facilities (treatment) for themselves and their families, and the amount of severance pay after the end of the work period or termination of employment between employees and the company is still relatively low, and there is no certainty of adequate for age pension. In addition, the employees considered company that had not been able to provide additional health benefits and the absence of employee development programs in the form of short special training / programs. The average performance value (Y) is 1.51, this indicates that the employees of PT. XYZ admits that it has been too late to come to the office, has not reached the target of work in accordance with what has been set by the company, and is often unable to complete work assignments given by superiors in a timely manner. In addition, employees also feel a lack

of teamwork or cooperation among employees. In addition, they considered that the company had not provided health insurance (treatment) for themselves and their families, and the amount of severance after the end of the work period or termination of employment between employees and the company was still low, and there was no certainty of adequate old-age benefits. As well as, the employees considered that the company had not been able to provide additional health benefits and the absence of employee development programs in the form of special short training/programs. Referring to Table 4 above, it shows that the majority of respondents in this study were contract employees (not permanent) with a total of 50 respondents or 89.3%, while respondents with permanent employee status were only 6 people or 10.7%.

Validity Test Results

The results of instrument validity test in this study to find out whether each indicator is able /able to explain the variables used in this study, but as explained earlier that in this study there is one dummy variable, namely employee status (X3), thus does not require a validity test [25].

Table-5: Instrument Validity Test Results

Variable	Statement	r-count	r-table	Decision
Direct compensation (X_1)	X1.1	0.727	0.2632	Valid
	X1.2	0.491		Valid
	X1.3	0.537		Valid
	X1.4	0.606		Valid
	X1.5	0.469		Valid
	X1.6	0.308		Valid
Indirect compensation (X_2)	X2.1	0.593	0.2632	Valid
	X2.2	0.567		Valid
	X2.3	0.530		Valid
	X2.4	0.470		Valid
	X2.5	0.458		Valid
	X2.6	0.393		Valid
	X2.7	0.530		Valid
	X2.8	0.423		Valid
	X2.1	0.593		Valid
Performance (Y)	Y1	0.504	0.2632	Valid
	Y2	0.516		Valid
	Y3	0.527		Valid
	Y4	0.531		Valid
	Y5	0.409		Valid
	Y6	0.455		Valid
	Y7	0.446		Valid
	Y8	0.511		Valid
	Y9	0.518		Valid
	Y10	0.579		Valid

Source: Data processing results, (2018)

Referring to the results of the validity test in Table 5 above, it shows that the r-count value for all indicators of direct compensation, indirect compensation, and performance variables has a value>0.2632 (r-table), concluded that all indicators have a relationship or able to define independent variables or in other words all indicators / statements used are valid.

Reliability Test Results

In this study, using a dummy variable namely employee status (X3) which does not require reliability test [25]. Furthermore, the following are the results of the instrument reliability test in this study.

Table-6: Instrument Realibility Test Result

Variable	*Cronbach Alpha*	Minimum Limit	Decision
Direct Compensation (X1)	0.776	0.60	Reliable
Indirect Compensation (X2)	0.789	0.60	Reliable

Variable	*Cronbach Alpha*	Minimum Limit	Decision
Performance (Y)	0.819	0.60	Reliable

Source: Data processing results, (2018)

Based on the results of the reliability test in Table 6 above, it shows that the reliability of the direct compensation variable (X1) measured using six statements shows the Cronbach alpha coefficient value of 0.776 ≥ 0.60. This represents that all respondents' answers to all statements used in the study to measure compensation variables direct reliable or reliable/consistent. Furthermore, the reliability of indirect compensation variable (X2) measured using eight statements shows the value of the Cronbach alpha coefficient of 0.789 ≥ 0.60. This represents that all respondents' answers to the statements used in the study to measure indirect compensation variables reliable or reliable. Finally, the reliability of the performance variable measured using ten indicators shows the value of the Cronbach alpha coefficient of 0.819≥0.60. This illustrates that all respondents' answers to all statements used in the study to measure reliable performance variable or the respondent's answers are consistent/reliable.

CLASSICAL ASSUMPTION TEST RESULTS

Multicollinearity Test Results

The Multicollinearity Test aims to test whether the regression model found a correlation between independent/independent variables or in other words there is a perfect linear relationship between the independent variables in the regression model. Strong correlation between independent variables indicates the presence of multicollinearity. If there is a perfect correlation between the independent variables, the consequence is the regression coefficients cannot be estimated, the *standard error* value of each regression becomes infinite.

Table-7: Multicollinearity coefficients Test Results

[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Direct compensation (X1)	.949	1.054
	Indirect compensation (X2)	.957	1.045
	Employee status (X3)	.968	1.033
a. Dependent Variable: employee performance (Y)			

Source: Processing data results, (2018)

Referring to Table 7 above, it can be seen that the *Variance Inflation Factor* (VIF) value between independent variables is smaller than 10, so it can be concluded that the multicollinearity problem does not occur and is feasible to use. This supports the theory proposed by Sekaran and Bougie [9], which states that the most common way to determine multicollinearity is to use tolerance values and variance inflation factor (VIF). The commonly used *cutoff* value is tolerance value> 0.10 and VIF value <10.

Normality Test Results

The normality test aims to test whether model in model regression, the residual confounding variable has a normal distribution. The method used to test normality is used the One-Sample Kolmogorov-Smirnov Test method if (value> $\propto$ = 0.05) then the data is normally distributed. If, (value <$\propto$ = 0.05), then the data is not normally distributed [26]. The following are the results of the normality test in this study.

Table-8: Normality test results

One-Sample Kolmogorov-Smirnov Test		
		Standardized Residual
N		56
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	.97234487
Most Extreme Differences	Absolute	.071
	Positive	.071
	Negative	-.056
Test Statistic		.071
Asymp. Sig. (2-tailed)		.200
a. Test distribution is Normal.		
b. Calculated from data.		

Source: processing data results, (2018)

Referring to the table above, it can be seen that data distribution can be said to be normal because the results of the Kolmogorov-Smirnov Test Statistic test show a value of 0.71 with a probability of 0.200 above α = 0.05, which means that H0 is accepted because the residual is normally distributed

Heteroscedasticity Test Results

Detecting the presence or absence of heteroscedasticity is done by looking at the scatterplot diagram. If there are certain patterns, such as dots that form a certain pattern and regular (wavy, widened and then narrowed) then heteroscedasticity occurs. If there is no clear pattern, and the points spread, there is no heteroscedasticity. A good regression model is homocedasticity or heteroscedasticity does not occur.

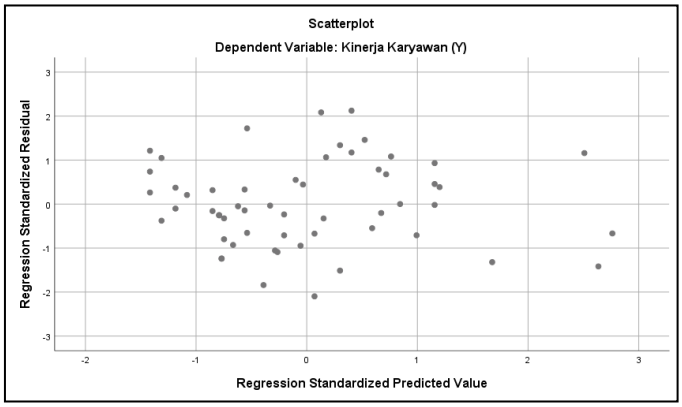


Image-2: Heteroscedasticity Test Results

Based on the scatterplot diagram above, it can be seen that the data does not form a certain pattern (irregular scatter). This means that the research model is free from the problem of heterocedasticity. This result is in line with the theory expressed by Sagala *et al*. [23] which states that if there is an unclear pattern, and the points spread above and below the number 0 on the Y axis, heteroscedasticity does not occur.

Multiple Linear Regression Test Results

This is an analysis of research results using multiple linear regression analysis which refers to the output table below.

Table-9: Multiple Linear Regression Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.220	.141		1.558	.125
	Direct Compensation (X1)	.209	.065	.237	3.188	.002
	Indirect Compensation (X2)	.616	.078	.588	7.937	.000
	Employee Status (X3)	.536	.092	.427	5.804	.000
a. Dependent Variable: Employee Performance (Y)						

Source: Processing Data Results, (2018)

The effect of direct compensation (X1), indirect compensation (X2), and employee status (X3) on Performance (Y) can be seen using multiple linear regression analysis with the following equation:

$Y= 0.220+ 0.209 X_1 + 0.616 X_2 + 0.536 X_3$

The decision or regression equation above can be interpreted as follows:
1) Constants of 0.220 that indicate the magnitude of the independent variable / independent variable = 0 then the performance value is 0.220

2) Direct compensation variable (X1) has a regression coefficient of 0.209 indicates that if direct compensation increases by one unit, it will result in an increase in performance of 0.209 and vice versa if one unit decreases, it will result in a performance decrease of 0.209.

3) Indirect compensation variable (X2) has regression coefficient of 0.616 showing that if indirect compensation increases by one unit, it will result in a performance increase of 0.616 and vice versa if one unit decreases, it will result in a performance decrease of 0.616.

4) Employee status variable (X3) has regression coefficient of 0.536 that indicates that if the employee status increases by one unit, it will result in a performance increase of 0.536 and vice versa if one unit decreases, it will result in a performance decrease of 0.536.

Determination Coefficient Test Results

Next is the coefficient of determination from the results of this study. The coefficient of determination test (R2) is used to determine the percentage contribution of independent variables effect (X1, X2, and X3) simultaneously on the dependent variable (Y) which is indicated by the magnitude of the coefficient of determination obtained. The coefficient of determination (R2) is equal to 1, then the percentage contribution of influence given independent variables to the dependent variable is perfect, or the variation of the independent variables used in the model explains 100% dependent variation.

Table-10: Determination Coefficient Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853[a]	.727	.711	.21046
a. Predictors: (Constant), Employee Status (X3), Indirect Compensation (X2), Direct Compensation (X1)				
b. Dependent Variable: Employee Performance (Y)				
Source: Processing data results, (2018)				

Referring to the results of processing in Table 9 above, it shows the R2 value of 0.727, which means that 72.7% of the Y variance can be explained by changes in the variables X1, X2, and X3. Meanwhile, the remaining 27.3% is explained by other factors outside the model in this study.

Hypothesis Test Results (t test)

The t test is used to test how the influence of each independent variable individually on the dependent variable. This test is conducted using a significance level of $\alpha = 5\%$ or 0.05 and t table for n = 56 is 2003. The t test can be done by comparing the value of t count with t table or by looking at the column of significance in each of the calculated t values. The following are the results of the t test in this study referring to the results of hypothesis testing in Table 9 (the results of multiple linear regression tests), then the following results are obtained:

1. Hypothesis 1: Effect of direct compensation (X1) on performance (Y).

The value of t count is 3,188> 2,003 with a significance value of 0.002 <0.05. Then it can be concluded that H_1 is accepted, meaning that partially direct compensation has a significant effect on performance.

2. Hypothesis 2: Effect of indirect compensation (X2) on performance (Y).
The value of t count is 7.937> 2003 with a significance value of 0.000 <0.05. Then it can be concluded that H_2 is accepted, meaning that partially indirect compensation has a significant effect on performance.

3. Hypothesis 3: Effect of employee status (X3) on performance (Y).

The value of t count is equal to 5,804> 2,003 with a significance value of 0,000 <0.05. Then it can be concluded that H_3 is accepted, meaning that partially

the status of employees has a significant effect on performance.

Hypothesis Test Results (F test)

The F test showed whether all independent variables have an influence corporate on the dependent variable. To test the direct compensation variable (X1), indirect compensation (X2), employee status (X3) jointly (simultaneously) on the performance variable (Y), then the F test is used which is a test of the effect of simultaneous independent variables on the dependent variable , the following are the results of the F test in this study.

Table-11: Test results F (Simultaneous)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.139	3	2.046	46.200	.000[b]
	Residual	2.303	52	.044		
	Total	8.442	55			
a. Dependent Variable: employee performance (Y)						
b. Predictors: (Constant), Employee Status (X3), Indirect Compensation (X2), Direct Compensation (X1)						

Source: Processing data results, (2018)

Based on Table 10 above obtained F count of 46,200 while for F table with significance 0.05 df quantifier = number of variables - 1 = 4 - 1 = 3, df denominator = number of samples - number of variables = 56-4 = 52, then obtained F table amounting to 2,780. Then it appears that 46,200> 2,780 (F count> F table). Based on the results of F test, then direct compensation (X1), indirect compensation (X2), employee status (X3) together (simultaneous) have a significant effect on the performance variable (Y).

RESULTS OF CORRELATION ANALYSIS DIMENSION

The researcher uses product moment correlation (r) to summarize the strength of the relationship between independent variable (X) and dependent variable (Y). According to Malholtra and Birks [9], product moment correlation (r) is the most widely used statistic, summarizing the strength of the relationship between two metric variables (interval or ratio scale), for example X and Y.

Table-12: correlation analysis dimension

Variable	Dimension	Employee Performance (Y)				
		Quality	Quantity	Punctuality	Attendance	*Team Work*
Direct Compensation (X1)	Salary / Wages	.275	.326	.209	.218	.308
	Incentive	.214	.430	.109	.288	.319
	Bonus	.264	.248	.181	.245	.204
Indirect Compensation (X2)	Mandatory allowance	.556	.435	.334	.529	.635
	Non-compulsory allowance	.315	.326	.425	.430	.244
	Program benefit	.280	.303	.320	.383	.452
Employee Performance (X3)	Contract	.288	.588	.340	.335	.456
	Permanent	.039	.027	.192	.175	.141

Source: Processing data results, (2018)

The table above shows the incentive dimension (X1) has a strong relationship or correlation with the dimensions of quantity (Y). Thus, this indicates that a decrease factor or an incentives increase plays a role in influencing the quantity of employee results which is one dimension of the performance variable. Second, the dimensions of mandatory allowance and program benefits (X2) have strong relationships or correlations with the dimensions of the team work (Y). This represents that mandatory allowance and program benefits that received by employees such as training, development, and so on are very instrumental in influencing teamwork among employees. Third, the dimensions of contract employees (X3) have a strong

relationship or correlation with the dimensions of quantity result (Y). Thus, this indicates that contract/ non-permanent employee status plays a role in influencing the quantity of employee results which is one dimension of the performance variable.

DISCUSSIONS

The first hypothesis revealed that partially direct compensation had a significant effect on employee performance, t count 3,188> 2,003 with a significance value of 0.002 <0.05. The direct compensation variable has a regression coefficient of 0.209 which indicates that if compensation directly increases by one unit, it will increase employee performance and vice versa. The results of this study consistently support the theory proposed by Armstrong and Baron [27] in Wibowo [28], where performance is strongly influenced by *five factors, namely Personal Factors, Leadership factors, Team factors, System factors, and Contextual / Situational factors*. One of the most relevant supports for this finding is System factor because these factors are indicated by the existence of work systems and facilities provided by the organization/company. Furthermore, the results of this study also fully support the theory stated by Sjafri [9] revealed that compensation (direct and indirect) with employee performance has a very significant relationship. The higher compensation is the higher the level of satisfaction and employees performance, and vice versa. This result also supports previous studies conducted by Yamoah [29] in his journal entitled "Relationship between Compensation and Employee Productivity" which successfully proved that compensation has a direct influence on employee performance. The compensation regression coefficient in this study showed a positive number of employee performances. This represents that direct compensation plays an important role or in other words a positive effect on employee performance. In this study rewards or bonuses, and incentives are part of direct compensation. The findings in this study are in line with Tsai [30] in his journal entitled "Reward and Incentive Compensation and Organizational Performance; Evidence from the Semiconductor Industry "found that incentives and rewards have a positive effect on organizational performance, which eventually makes employee performance better.

The second hypothesis in the study revealed that partially indirect compensation has a significant effect on employee performance, t count 7.937> 2003 with a significance value of 0.000 <0.05. Then it can be concluded that H_2 is accepted, meaning that partially indirect compensation has a significant effect on performance. Indirect compensation variable (X2) has a regression coefficient of 0.616 which indicates that if indirect compensation increases by one unit, it will increase employee performance of 0.616 and vice versa. The results of this study consistently support the theory stated by Mondy and Noe [31] in Panggabean [19] revealed that indirect compensation (*fringe benefits)* is additional compensation given based on agency policy on all employees in an effort to improve employee welfare. The findings are also in line with research conducted by Nugroho and Aima [32] in his journal entitled *"The Influences of Transformational Leadership and Compensation to Employee Performance On Their Motivation And The Implementation At X Institutions"* it can be concluded that compensation has a positive influence and significant motivation, transformational leadership and compensation simultaneously have a positive and significant influence on motivation. Transformational leadership has a positive and significant influence on employee performance and transformational leadership, compensation and motivation simultaneously have a positive and significant influence on employee performance. Furthermore, this finding also supports the study conducted by Matthew and Odunlami [33], in a research journal entitled "*Compensation Management and Employees Performance in the Manufacturing Sector, A Case Study of a Reputable Organization in the Food and Beverage Industry",* this study argues that there is a significant effect between compensation management related to providing direct and indirect compensation to overall employee performance. More than that, he also revealed that there was a very significant influence of compensation management in improving employee productivity/performance.

The third hypothesis reveals that partially the status of employees has a significant effect on employee performance, t count 5.804> 2003 with a significance value of 0.000 <0.05. Then it can be concluded that H_3 is accepted that partially the status of employees has a significant effect on performance. The employee status variable (X3) has a regression coefficient of 0.536 which indicates that if the employee's status increases by one unit, it will result in a performance increase of 0.536 and vice versa. The thing that needs to be examined first from the findings in this study is that the majority of respondents are contract employees (not permanent) with a total of 50 respondents or 89.3%, while respondents with permanent employee status are only 6 people or 10.7%. The results of this study consistently support the previous theory expressed by Faisal [9] states that permanent employees are employees who acquire or receive certain amounts of allowance regularly (periodically). Include in permanent staff are private employees, civil servants and pension recipients. The reward of permanent employee can be in the form of salaries, various allowances, irregular income such as bonuses, honorarium for production services, gratuities etc. whereas non-permanent employees / contracts do not get a number of benefits as described above. Herawati [10] asserted that contract employees and *outsourcing* are forms of work relationships that included in *precarious work* category, a term that is usually used

internationally to indicate a situation of non-permanent employment relationships, time periods, freelance work, not guaranteed/unsafe and not sure. At present many companies have established contract recruitment policies. Furthermore, it is stated that there are differences of achievement motivation between contract employees and permanent employees where contract employees always try to fulfill the turnover target demanded by the company, while permanent employees often throw their work responsibilities to contract employees Rini and Dilla, [12]. these situations and conditions for permanent and non-permanent employees can cause differences in work motivation and employee organizational commitment in a company.

The fourth hypothesis shows that 46,200> 2,780 (F count> F table). Based on the results of the F test, then direct compensation (X1), indirect compensation (X2), employee status (X3) together or simultaneously have a significant effect on the performance variable (Y). Furthermore, based on the results of the coefficient of determination test R2 value is 0.727, this means that 72.7% of the Y variance can be explained by changes on direct compensation variable (X1), indirect compensation (X2), and employee status (X3). Meanwhile, the remaining 27.3% is explained by other factors outside the model of this study.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the results of the research that has been done, the following are some conclusions in this study, including the following:

1. The results of the study indicate that direct compensation (X1) for the dimensions of incentives significantly influence the performance of employees of PT. XYZ (Y).
2. The results of the study indicate that indirect compensation (X2) for the mandatory dimensions of allowance has a significant effect on the performance of employees of PT. XYZ (Y).
3. The results of the study indicate that employee status (X3) for contract employee dimensions significantly influences the performance of PT. XYZ (Y).
4. The results of the study show that direct compensation (X1), indirect compensation (X2), and employee status (X3) have a simultaneous effect on the performance of PT. XYZ (Y).

RECOMMENDATIONS

The following are the number of suggestions for PT. XYZ in order to keep improving the performance of its employees, among others, are as follows:

1. The employee performance appraisal program per semester or per year can be done by PT. XYZ. This has the main objective of providing a comprehensive assessment with a fair process. Thus, it is expected the output can be the basis of reference to determine salary increases, incentives, or referring to the results of employee achievement or performance.
2. PT. XYZ in the future must be able to provide matters relating to mandatory allowance, non-compulsory allowance, and program benefits. The company must accommodate these three things for employees with contract status through giving proportionally based on their tenure, and / or referring to the contributions given by contract employees. This is very important to do in order to encourage positive performance of employees in general and non-permanent status employees in particular.
3. Implementation of compensation online dashboard must be implemented by PT. XYZ, so that employees can access their rights and obligations transparently / openly. In addition, this can be updated monthly, even weekly, and in detail the employees know each terms and conditions clearly, and in detail.
4. Determination of a clear career path for contracted employees must be translated into *employee career planning*, so that the employees are motivated to achieve career goals in accordance with the target. In addition, the company in this case PT. XYZ must also routinely review and evaluate potential contract employees who can make a major contribution to the company or in other words become one of the assets that must be maintained and developed.

In addition, this study certainly has several limitations such as the number of samples that are not too large, the data analysis technique uses multiple regression analysis, and the number of independent variables that focus on compensation and work status only. Thus, it is expected that further research can be conducted with a larger number of samples, data analysis techniques using structural *equation model* (SEM) or *path analysis*, and it is expected that future studies can further analyze variables such *as work-life balance*, work environment, *turnover intention*, job satisfaction, loyalty, etc. to see the impact on employee performance in a company or organization.

REFERENCES

1. Mondy, R. W. (2010). Administración de recursos humanos (Décimoprimera ed.). *& J. Gómez-Mont Araiza, Trad.) México: Pearson*.
2. Rivai, V. (2008). *Manajemen Sumber Daya Manusia untuk Perusahaan*, Bandung: PT. Remaja Rosda Karya.
3. Ardana. (2012). *Human Resource Management, Yogyakarta: Publisher* PT. Graha Ilmu.
4. Dessler, Garry.(2007). Human Resource Management (Indonesian Edition). Jakarta.

5. Noe, R. A. (1996). Is career management related to employee development and performance?. *Journal of organizational behavior*, *17*(2), 119-133.
6. Aulia. Troena. (2013). The Effect of Financial and Non-Financial Compensation on Employee Motivation at Universitas Brawijaya Hotel Malang City.
7. Sofyandi, H. (2008). Human Resource Management. Yogyakarta: Graha Ilmu.
8. Mondy, R., Wayne. (2008). Manajemen Sumber Daya Manusia. Jakarta: Erlangga.
9. Sjafri, M. (2009). Business, Management and Human Resources. Bogor: IPB Press.
10. Herawati, R. (2010). Kontrak dan Outsourcing Harus makin Diwaspadai. Bandung: Akatiga Pusat Analisis Sosial.
11. Jehani, L. (2010). Hak-Hak Karyawan Kontrak. Jakarta: Forum Sahabat.
12. Sarianti, R., & Engla, D. (2008). Perbedaan motivasi berprestasi atas dasar status karyawan dan tingkat pendidikan di PT. NIM (Nusantara Indah Makmur) Padang. *Jurnal R & B*, *3*(2), 147-153.
13. Mathis., Robert, L., DAN John, H., Jackson. (2010). Manajemen Sumber Daya Manusia, edisi pertama, Jakarta: Salemba Empat.
14. Robbins, Stephen, P & Judge., Timothy, A. (2013). Organizational Behavior Edition 15. New Jersey: Pearson Education.
15. Mangkunegara, A. A., & Prabu, A. (2000). Manajemen Sumber Daya Manusia Perusahaan Bandung: PT Remaja Rosdakarya.
16. Mathis, Robert, L. DAN John, H., Jackson. (2012). Manajemen Sumber Daya Manusia, edisi pertama, Jakarta: Salemba Empat.
17. Sukmawati, F. (2008). Effect of Leadership, Physical Work Environment, and Compensation on Employee Performance at PT. Pertamina (Persero) UPMS III Main Balongan Transit Terminal in Indramayu. Economics and Business Journal. 2 (3): h: 175-194.
18. Mondy R, Noe R. Recruitment. Human Resource Management. 1996:150-4.
19. Panggabean. M.S. (2004), Manajemen sumber daya manusia. Bogor: Ghalia Indonesia.
20. Senter, J. L., & Martin, J. E. (2007). Factors affecting the turnover of different groups of part-time workers. *Journal of Vocational Behavior*, *71*(1), 45-68.
21. Sugiyono. (2013). Quantitative, Qualitative Research Methodology R&D. (Bandung: Alfabeta).
22. Siregar, S. (2010). Descriptive Statistics for Research: Equipped with Manual Calculation and SPSS Application (Jakarta: PT Raja Grafindo Persada),
23. Siregar, S. (2013). Parametric statistics for quantitative research. *Jakarta: PT Bumi Akasara*.
24. Siregar, S. (2013). Parametric statistics for quantitative research. *Jakarta: PT Bumi Akasara*.
25. Siahaan, A. P. U., & Rahim, R. (2017). Dynamic Key Matrix of Hill Cipher Using Genetic Algorithm.
26. Priyatno, D. (2013). Mandiri belajar analisis data dengan SPSS. *Yogyakarta: Mediakom*.
27. Armstrong, M., & Baron, A. (2011). Strategic HRM.
28. Wibowo. (2013). Work management. Jakarta: Rajawali Pers.
29. Yamoah, E. (2013). Relationship between Compensation and Employee Productivity. *Singaporean Journal of Business, Economics and Management Studies.* (2);110-114.
30. Tsai, C. J. (2010). Reward and incentive compensation and organizational performance: Evidence from the semiconductor industry.
31. Mondy, R. Wayne, and Robert M. Noe. (2005). *Human Resource Management.* Ninth Edition. Prentice Hall. USA.
32. Nugroho, G. S., Aima, H. (2018). The Influences Of Transformational Leadership And Compensation To Employee Performance On Their Motivation And The Implementation At X Institution. International Journal of Scientific and Research Publications. 8(12).
33. Odunlami, I. B., & Matthew, A. O. (2014). Compensation Management and Employees Performance in the Manufacturing Sector, A Case Study of a Reputable Organization in the Food and Beverage Industry. *International Journal of Managerial Studies and Research*. *2*(9), 108-117.
34. Mondy, R. W. (2010). Administración de recursos humanos (Décimoprimera ed.). *& J. Gómez-Mont Araiza, Trad.) México: Pearson*.
35. Rivai, V. (2008). *Manajemen Sumber Daya Manusia untuk Perusahaan*, Bandung: PT. Remaja Rosda Karya.
36. Ardana. (2012). *Human Resource Management, Yogyakarta: Publisher* PT. Graha Ilmu.
37. Dessler, Garry.(2007). Human Resource Management (Indonesian Edition). Jakarta.
38. Noe, R. A. (1996). Is career management related to employee development and performance?. *Journal of organizational behavior*, *17*(2), 119-133.
39. Aulia. Troena. (2013). The Effect of Financial and Non-Financial Compensation on Employee Motivation at Universitas Brawijaya Hotel Malang City.
40. Sofyandi, H. (2008). Human Resource Management. Yogyakarta: Graha Ilmu.
41. Mondy, R., Wayne. (2008). Manajemen Sumber Daya Manusia. Jakarta: Erlangga.
42. Sjafri, M. (2009). Business, Management and Human Resources. Bogor: IPB Press.
43. Herawati, R. (2010). Kontrak dan Outsourcing Harus makin Diwaspadai. Bandung: Akatiga Pusat Analisis Sosial.
44. Jehani, L. (2010). Hak-Hak Karyawan Kontrak. Jakarta: Forum Sahabat.

45. Sarianti, R., & Engla, D. (2008). Perbedaan motivasi berprestasi atas dasar status karyawan dan tingkat pendidikan di PT. NIM (Nusantara Indah Makmur) Padang. *Jurnal R & B*, *3*(2), 147-153.
46. Mathis., Robert, L., DAN John, H., Jackson. (2010). Manajemen Sumber Daya Manusia, edisi pertama, Jakarta: Salemba Empat.
47. Robbins., Stephen, P & Judge., Timothy, A. (2013). Organizational Behavior Edition 15. New Jersey: Pearson Education.
48. Mangkunegara, A. A., & Prabu, A. (2000). Manajemen Sumber Daya Manusia Perusahaan Bandung: PT Remaja Rosdakarya.
49. Mathis, Robert, L. DAN John, H., Jackson. (2012). Manajemen Sumber Daya Manusia, edisi pertama, Jakarta: Salemba Empat.
50. Sukmawati, F. (2008). Effect of Leadership, Physical Work Environment, and Compensation on Employee Performance at PT. Pertamina (Persero) UPMS III Main Balongan Transit Terminal in Indramayu. Economics and Business Journal. 2 (3):175-194.
51. Mondy R, Noe R. Recruitment. Human Resource Management. 1996:150-4.
52. Panggabean. M.S. (2004). Manajemen sumber daya manusia. Bogor: Ghalia Indonesia.
53. Senter, J. L., & Martin, J. E. (2007). Factors affecting the turnover of different groups of part-time workers. *Journal of Vocational Behavior*. *71*(1), 45-68.
54. Sugiyono. (2013). Quantitative, Qualitative Research Methodology R&D. (Bandung: Alfabeta).
55. Siregar, S. (2010). Descriptive Statistics for Research: Equipped with Manual Calculation and SPSS Application (Jakarta: PT Raja Grafindo Persada),
56. Siregar, S. (2013). Parametric statistics for quantitative research. *Jakarta: PT Bumi Akasara*.
57. Siregar, S. (2013). Parametric statistics for quantitative research. *Jakarta: PT Bumi Akasara*.
58. Siahaan, A. P. U., & Rahim, R. (2017). Dynamic Key Matrix of Hill Cipher Using Genetic Algorithm.
59. Priyatno, D. (2013). Mandiri belajar analisis data dengan SPSS. *Yogyakarta: Mediakom*.
60. Armstrong, M., & Baron, A. (2011). Strategic HRM.
61. Wibowo. (2013). Work management. Jakarta: Rajawali Pers.
62. Yamoah, E. (2013). Relationship between Compensation and Employee Productivity. *Singaporean Journal of Business, Economics and Management Studies.* (2);110-114.
63. Tsai, C. J. (2010). Reward and incentive compensation and organizational performance: Evidence from the semiconductor industry.
64. Mondy, R. Wayne, and Robert M. Noe. (2005). *Human Resource Management.* Ninth Edition. Prentice Hall. USA.
65. Nugroho, G. S., Aima, H. (2018). The Influences Of Transformational Leadership And Compensation To Employee Performance On Their Motivation And The Implementation At X Institution. International Journal of Scientific and Research Publications. 8(12).
66. Odunlami, I. B., & Matthew, A. O. (2014). Compensation Management and Employees Performance in the Manufacturing Sector, a Case Study of a Reputable Organization in the Food and Beverage Industry. *International Journal of Managerial Studies and Research*. *2*(9), 108-117.