

The Influence of Financial and Non-Financial Compensation on the Work Motivation of Harvest Workers in PT. Rizky Fajar Adi Putra

Muhammad Mahathir¹, Abdul Rahim Matondang², Rulianda Purnomo Wibowo²

¹Postgraduate Students at Universitas Sumatera Utara, Indonesia

²Postgraduate Lecturer at Universitas Sumatera Utara, Indonesia

Corresponding Author: Muhammad Mahathir

ABSTRACT

Work motivation is a driving force which creates one's enthusiasm to work together, effectively and integrated to achieve goals. In order to accomplish a certain target, an organization must be able to motivate their employees, encouraging them to perform their duties. One of the approaches to motivate employees and increase the organization's productivity is by providing financial and non-financial compensation. This research aims to analyse the influence of financial and non-financial compensation on the work motivation of harvest workers in PT. Rizky Fajar Adi Putra (PT. RFAP), and propose an effective solution to improve the low work motivation in PT. RFAP. The independent variables in this study are financial compensation and non-financial compensation. In addition, the dependent variable is work motivation. This study was conducted on 66 participants which are harvest workers in PT. RFAP and the data were collected using questionnaires. Based on the data, hypothesis were then tested using t-test. Results of this research demonstrates that financial compensation had a significant effect on employees' work motivation. However, non-financial compensation is influential but does not show a significant effect on work motivation. Therefore, this indicates that higher financial compensation would increase the motivation of the workers.

Keywords: Financial Compensation, Non-Financial Compensation, Work Motivation

INTRODUCTION

Human resources (HR) is one of the main factors contained in an organization that determines whether the company can compete in an industry where competition is getting tougher at this time. Tight competition in various fields in the current era of globalization requires all parties including HR to prepare themselves in all respects so as not to be excluded from competition. In general, the resources contained in the organization can be grouped into two types, namely, human resources and non-human resources (Gomes, 2008). Of all the resources available in an organization, both public and private organizations, HR is very decisive and influential in efforts to achieve organizational goals (Priyono and Marnis, 2008). In addition, HR also plays a key role in all operational activities of the organization from planning, implementation to evaluation (Hasibuan, 2012).

Human resources as the driving force of an organization are much influenced by the behavior of its participants or participants. The participation of human resources in an organization is regulated by the granting of authority and responsibility. The authorities and responsibilities that must be achieved by employees are the standards or benchmarks that have been determined and agreed upon by employees and superiors. Employees together with their superiors can set work goals and standards that must be achieved and assess

the results that have been achieved in a certain period of time. In carrying out their duties and responsibilities, human resource management is often faced with problems that are dynamic. These arise along with the development of the company. One problem that often arises is the problem of employee motivation to carry out their duties to achieve the expected targets.

Increased employee motivation to work individually will encourage the performance of human resources as a whole, which is reflected in an increase in productivity (Nawawi, 2016).

To achieve the targets set, the company must be able to provide motivation to its employees so that employees are motivated to carry out their duties, also can increase overall company productivity. One way to motivate employees to work as much as possible to increase company productivity is by providing compensation (hygiene factors). This is expected to form a pattern of good relations between employees and the company, where employees will think that the company understands the necessities of life which is the reason why they work.

Compensation is everything that is received by employees as a reward for work, also is a contribution received for work that has been done. Compensation program is important for the company because it encourages employees to work harder so that company goals can be achieved (Taciana, 2013). Compensation becomes the right for employees after they carry out obligations so that employees' needs can be met, both physical needs, social status, and others. If the compensation provided is attractive, it is expected that work motivation will also increase to achieve company goals.

But in reality, the provision of financial compensation and non-financial compensation applied by the company has not been able to make the target of producing fresh fruit bunches. From the researcher's interview with PT Rizky Fajar Adi Putra's harvesting employee, there is a

phenomenon that the compensation system is aimed at employees who have a high quantity of harvest. Financial compensation obtained by the employee may be different even if the employee has the same level of attendance. For example an employee who is very diligent and comes to work every day but he gets a little harvest, he still gets a premium with a small amount. In addition, non-financial compensation obtained such as a good working relationship between the leader-employee and fellow employee harvesting can also be affect employee work motivation (Pratama, 2013).

Non-financial factors are often invisible, because they are not material forms such as the financial compensation stipulated in the employment contract. The application of financial compensation must be harmonized with the application of non-financial compensation to encourage work motivation of harvesters. That is because the two cannot stand alone, have different saturation points in arousing motivation and both complement each other. Therefore the company is required to implement an ideal financial and non-financial compensation system to be able to increase high work motivation for employees while also making the company's production targets achieved.

LITERATURE REVIEW

2.1 Compensation

Every company or organization should be able to provide compensation that is balanced with the workload borne by its employees. The issue of compensation is not only important because it is the main impetus for someone to be an employee, but also a great influence on the morale and enthusiasm of the work of the employees (Taciana, 2013). The following some definitions of compensation from various experts will be presented.

According to Hasibuan (2012) compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company.

2.2 Types of Compensation

Compensation is a way for companies to improve the quality of their employees for the company's growth. Every company has a different compensation system according to its vision, mission and goals. According to Kismono (2011), compensation can be divided into two categories, namely:

a) Financial Compensation

Direct compensation is in the form of wage payments (payments based on hours worked), salaries (fixed/monthly payments), and incentives or bonuses. The provision of a fixed salary each month is generally based on the value of the work it carries. The higher the value of the job or position, the higher the salary it receives without considering the performance it generates. Determination of the value of a job is done through job evaluation. Instead, the size of the salary incentive or bonus is associated with a person's performance or organizational performance. If someone shows a higher performance than their coworkers, then they are entitled to greater incentives even if they hold the same position.

Indirect compensation provides services and facilities to employees such as educational scholarship programs, housing, recreation programs, holidays and leave, financial counseling, and others.

2) Non-Financial Compensation

Non-financial compensation is divided into two parts, namely:

satisfaction from the work itself in the form of interesting tasks, challenges, responsibilities, recognition, and a sense of accomplishment.

2.3 Work Motivation

Understanding work motivation according to Hasibuan (2012) is the provision of a driving force that creates a person's excitement, so that they want to work together, work effectively and are integrated with all their efforts to achieve goals. According to Samsudin (2009) motivation is the process of influencing or encouraging from the outside towards a person or group of work so that they want to

carry out something that has been determined. From the two opinions it can be concluded that work motivation is a condition within a person that encourages the desire to carry out activities in order to achieve a goal.

RESEARCH METHODS

3.1 Research Location and Time

This research was conducted by Harvest Workers in PT. Rizky Fajar Adi Putra. The time of the study was conducted in July to August 2019.

3.2 Types of Research

This research approach is based on a survey approach. According to Sugiyono (2013), the notion of survey method is research conducted using a questionnaire as a research tool carried out in large and small populations, but the data studied is data from samples taken from these populations, so that relative events, distribution, and relationships are found variable, sociological and psychological.

This type of research is quantitative associative research. Descriptive studies are carried out to describe or express the characteristics of certain variables with respect to certain problems in certain situations. The purpose of descriptive research is to obtain a profile or aspects - relevant aspects of the problems that exist in an organization or certain groups (Sinulingga, 2016). Quantitative Research is an approach to empirical studies to collect, analyze and display data in numerical form rather than narrative.

The nature of this research is descriptive explanatory. Sugiyono (2012) states that explanatory research is research that aims to explain the position of the variables studied and the relationship between one variable and another.

3.3 Population and Samples

According to Sugiyono (2012) the definition of the sample is part of the number and characteristics of the population.

Determination of the sample using the calculation of the Slovin formula, the

sample of this study amounted to 65.27 rounded up to 66 people. An e value of 0.1 or 10% means a 90% confidence level in the results and a significance level of 0.1 which ensures that only 10% of the possible errors occur.

3.4 Data Analysis Methods

The data analysis method used is multiple linear regression data analysis, which is a linear relationship between two or more independent variables (X_1, X_2, \dots, X_n) with the dependent variable (Y). This analysis is to determine the direction of the relationship between the independent variable with the dependent variable

whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable has increased or decreased. The data used is usually interval or ratio scale. Hypothesis testing with partial test (t test).

RESULT

Hypothesis Testing

Testing the hypothesis in this study using multiple regression analysis. The test results for hypotheses 1, 2, and 3 can be seen in the following Table 1 and 2:

Table 1 Hypothesis 1, 2, and 3 Test Results (Test F)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.079	2	27.539	2.696	.075 ^b
	Residual	643.421	63	10.213		
	Total	698.500	65			

a. Dependent Variable: Work Motivation

b. Predictors: (Constant), Financial, Non-Financial

Source: Primary Data Processed Results (2018)

Table 2 Hypothesis 1, 2, and 3 Test Results (Test t)

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	20.889	3.312		6.307	.000		
	Financial	.300	.161	.226	2.867	.037	.997	1.003
	Non-Financial	.081	.063	.156	2.284	.204	.997	1.003

a. Dependent Variable: Work Motivation

Source: Primary Data Processed Results (2018)

Based on the regression results in Table 1 it can be seen that the F statistical value of 2.696 is greater than F table = 2.52. This means that H_0 is rejected and H_1 is accepted so it can be concluded that the dependent variable (employee work motivation) can be significantly influenced by the independent variable (financial compensation (X_1) and non-financial compensation (X_2). The third hypothesis in this study is the influence of the compensation variable work (X_1), and non-financial compensation (X_2) significantly on work motivation (Y). Based on the results of the f test, it can be stated that the third hypothesis is accepted.

The first hypothesis in this study is the influence of financial compensation significantly on work motivation. The test results show a coefficient value of b1 of

0.300 with a significance value of 0.037 < 0.05 which means that there is a positive and significant influence of financial compensation variables on work motivation. The test results are in line with the hypothesis that has been made where there is an effect of financial compensation on work motivation. The t-value is 2.867 while the t-table is 1.998 then the t-count > t-table and its significance value is less than 5%, the first hypothesis is accepted. This means that the higher financial compensation will increase the work motivation of the harvesting employee.

The second hypothesis in this study is the influence of non-financial compensation significantly to work motivation. Based on the results of the hypothesis test in table 4.10, the t-test value is 2.228 while the t-table is 1.998. If t-count > t-table, the

significant value is more less than 5% and the second hypothesis is accepted. Coefficient value b_2 of 0.081 with a significance value of $0.204 > 0.05$, it can be concluded that the hypothesis is accepted, which means that non-financial compensation variables partially do not significantly affect work motivation. This means that non-financial compensation does not significantly affect the increase in employee motivation. The test results are not in line with the hypothesis that has been made where there is a positive and significant effect of non-financial compensation on work motivation.

CONCLUSION AND SUGGESTION

CONCLUSION

From the data obtained and the analysis that has been done in this study, what can be concluded is:

1. Financial compensation which consists of salary, premium, and insurance is a variable that has a significant effect on work motivation. If higher the financial compensation so the higher the work motivation of Harvest Workers in PT. Rizky Fajar Adi Putra.
2. Non-financial compensation has no a significant effect on the work motivation of Harvest Workers in PT. Rizky Fajar Adi Putra.
3. Simultaneous financial compensation and non-financial compensation have a significant influence on the work motivation of Harvest Workers in PT. Rizky Fajar Adi Putra.

SUGGESTION

From the data obtained and the analysis that has been done in this study, the suggestions that can be given are:

1. The harvest and insurance premium system implemented by the company needs to be maintained and improved so that employee loyalty and security in working are maintained.

2. Related to the low employee satisfaction with salaries, PT Rizky Fajar Adi Putra can evaluate the amount of basic salary received by harvesting employees if it is sufficient to meet the needs of employees.

3. The company is expected to make other bonus systems besides premiums and also fines/penalties for employees who do not work according to working hours.

REFERENCES

1. Gomes, F.C. 2008. *Manajemen Sumber Daya Manusia*. Yogyakarta: Andi Offset.
2. Hasibuan, Malayu. 2012. *Manajemen Sumber Daya Manusia*. Jakarta: PT Bumi Aksara.
3. Kismono, Gugup. 2011. *Bisnis Pengantar, Edisi Dua*. Yogyakarta: BPFE UGM.
4. Nawawi, Hadari. 2016. *Manajemen Sumber Daya Manusia untuk Bisnis yang Kompetitif*. Yogyakarta: Gajah Mada University Press.
5. Pratama, M.F and Andayani, Eva. 2013. *Pengaruh Kompensasi non Finansial terhadap Motivasi Kerja PNS Kementerian Sekretariat Negara Republik Indonesia*. <http://lib.ui.ac.id>.
6. Priyono and Marnis. 2008. *Manajemen Sumber Daya Manusia*. Sidoarjo: Zifatama Publisher.
7. Samsudin, Sadili. 2009. *Manajemen Sumber Daya Manusia*. Bandung: Pustaka Setia.
8. Sinulingga, Sukaria. 2016. *Metode Penelitian*. Medan: USU Press.
9. Sugiyono. 2013. *Statistika Untuk Penelitian*. Bandung: Alfabeta.
10. Taciana D.N. 2013. *Pengaruh Kompensasi Finansial dan Non Finansial Terhadap Motivasi Kerja Karyawan (Studi pada karyawan Tetap PT. PLN (PERSERO) Distribusi Jawa Timur Kantor Area Pelayanan dan Jaringan Malang)*. *Jurnal Administrasi Bisnis*. www.administrasibisnis.studentjournal.ub.ac.id. Vol 5 no2, 2013.

How to cite this article: Mahathir M, Matondang AR, Wibowo RP. The influence of financial and non-financial compensation on the work motivation of harvest workers in PT. Rizky Fajar Adi Putra. *International Journal of Research and Review*. 2020; 7(1): 253-257.
