THE EFFECT OF COMPENSATION AND WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT SEMEN INDONESIA LIMITED COMPANY

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ABSTRACT

The objectives of research are discussed as follows: (1) to understand and to analyze whether compensation and work motivation are influential simultaneously to employee performance at PT. Semen Indonesia (Persero) Tbk; (2) to understand and to analyze whether compensation and work motivation are influential partially to employee performance at PT. Semen Indonesia (Persero) Tbk; and (3) to understand and to analyze which one is from compensation and work motivation with the most dominant effect on employee performance at PT. Semen Indonesia (Persero) Tbk. Method of research is quantitative and the references are taken from Sugiyono, Simamora Triton Nugroho ,and Ridwan and Akdon). Result of research indicates that (1) compensation and work motivation are positively, significantly, and simultaneously influential to employee performance at PT. Semen Indonesia (Persero) Tbk; (2) compensation and work motivation are positively, significantly, and partially influential to employee performance at PT. Semen Indonesia (Persero) Tbk; and (3) work motivation has the dominant effect on employee performance at PT. Semen Indonesia (Persero) Tbk.

Keywords: Compensation, Motivation, Performance, and Limited Company

INTRODUCTION

Dealing with globalization era has forced the companies, either those run by private or government, to seek for resources they need in order to optimize their function in such way that company goals can be attained and the company will survive despite stricter competition it must face. Therefore, human resource, precisely the employees, plays very important role to achieve company goal. Recently, the employees of PT. Semen Indonesia (Persero) Tbk are considered as the important company asset and must be managed or developed properly to support company feasibility. PT. Semen Indonesia (Persero) Tbk is also faced by huge challenge to win the competition, and thus accurate tactics and strategies are needed. In selecting these tactics and strategies, companies must not only analyze external environmental change such as demography, socio-culture, politic, technology and competition, but also analyze company internal factor. Internal factors include company strength and weakness to support target achievement.

Human resource is the most important company asset because human resource plays role as the subject of policy implementation and company operational activity. Resources owned by company such as capital, method and machine will not produce optimum result if it is not supported by human resource with optimum performance. After understanding the importance of human resource existence in global era, one effort by PT. Semen Indonesia (Persero) Tbk is to improve human resource quality. By improving human resource quality, it is expected that the employees of PT. Semen Indonesia (Persero) Tbk can work productively

and professionally such that the expected performance will satisfy work standard. One aspect to support employee success in the working is work ability.

Reliable work ability will help employees of PT. Semen Indonesia (Persero) Tbk to resolve all work problems, thus giving them better accomplishment of the work. The ability, including knowledge or skill, is the important component to achieve performance. Ability is influential directly to performance and satisfaction levels of an employee, which is measured as compatible work ability. High satisfaction will produce low turnover and reduce absenteeism because the satisfied individual may work better because their important necessity has been satisfied. When an employee feels satisfied with the work, this employee will serve in higher quality and help the achievement of company goals. Work satisfaction is influenced by several factors such as the challenging work, the reasonable reward, supportive work condition, supportive work partner, and compatibility between personality and work. Work motivation may differ among employees, including between chief and staff. Employees in staff rank are receiving lower wage and easily satisfied mostly with hygiene attributes such as good incentive and comfort work condition. Chief rank employees tend to be satisfied with work motivation attributes, such as good relation with peer, great emphasis on work motivation, and self-actualization.

Motivation that precedes someone to enter an organization is to satisfy what they want most. Therefore, the success key for manager/chief in mobilizing their subordinate is the ability to understand motivation theory and to change this theory into effective drive to improve company performance. It can be said that motivation is the energy to arouse self-drive among each employee at PT. Semen Indonesia (Persero) Tbk which must be influential to their behavior because it awakens, directs and preserves good behavior toward work environment. Therefore, motivation is the internal drive of employees of PT. Semen Indonesia (Persero) Tbk to follow-up the stimulation toward their individual demands or goals in order to satisfy their wants, and to make it applicable to others in order to produce good service to customers.

In pursuance of this overview, motivation is influential to employee performance at PT. Semen Indonesia (Persero) Tbk which then implies on the improvement of service quality. Given motivation instruments bestowed to the employees of PT. Semen Indonesia (Persero) Tbk, such as proper wage, recognition from superior, and favorable work environment, thereby the expectation and demand that employees of PT. Semen Indonesia (Persero) Tbk will give better performance may be achievable because employees are more enthusiastic at work to improve the quality of service given to customers.

Compensation policy, concerning with its rate, arrangement or payment schedule, can stimulate work enthusiasm and also employee wish for optimum performance and thus, it helps the achievement of company target. In general, employees expect that compensation will reflect the contribution of work result. However, the compensation given by the company still fails to meet employee's expectation because work load is still bigger than the compensation can cover. This condition implies to the lowering of work motivation and the less satisfying work result. Therefore, better compensation given by the company may build up employees' work enthusiasm, and thus, it will contribute to the improvement of employee performance in the company.

Salary rate is the most quantifiable element to the satisfaction toward compensation. Pursuant to Law No.13/2003 on Employment, wage is the right that must be fulfilled and manifested in form of money to show superior's appreciation to the work or effort already done. Wage is

applied or paid based on work arrangement, work agreement or work regulation. Wage may take a form as benefit for employees and their family.

Department of Personnel has been assigned to plan and to administer employee compensation. If compensation is properly given, the employees are satisfied and motivated to achieve organizational target. If employees see compensation as unreliable, then work achievement, work motivation and work satisfaction of the employees dramatically decline. Compensation can increase employee performance, and it is evident because every employee has huge expectation to have better life based on their sacrifice and also the responsibility given to them to perform their work. Compensation as work motivation is the reward given by superior for employees' success in fulfilling performance and task required by their work and rank. Compensation is also the acknowledgment to the potential ability of employees to obtain higher position in organization. Government has, through the assembly between entrepreneurs and labors (employees), established the most proper compensation to facilitate the achievement of company goals in more effective and efficient ways. Good compensation is a compensation system that is responsive to any situations and systems that motivate employees. Compensation system must satisfy employee demand, provide just treatment in giving compensation, and also give favorable reward based on employee performance. If compensation system can deliver such condition above, then employees are pleasant enough to fulfill managerial request by working optimally. In simply manner, satisfaction to compensation may increase employee performance. Two fundamental philosophies are used for compensation. Traditional organizations are always giving compensation increment to employees every year, and salary rise is mostly given based on seniority. Extra compensation can be given only with the presence of specific company policy to increase the welfare of all employees. Every employee indeed shall give their best contribution and must understand their work responsibility and their performance rate to achieve by always measuring any conditions and abilities they have. In other hand, company management must give big attention and effort to improve performance and welfare of the employees. Good human resource management will result in significant progress for the company.

If reviewing how important is the empowerment and management of human resource to company wellbeing, then the company must create conducive environment, give reliable and just payment, provide compatible workload to employee skill, and show managerial attitude and behavior that are supportive to employee performance. Employee performance becomes important element because it is a key to boost up employees' moral and discipline. Employee performance is thus quite influential to the quality of service and also to the achievement of company goals.

Performance is the final outcome of employees' work regardless what they feel with their work, either pleasant or not. If an employee can do all works well and appropriate to company procedure, then this employee may reach psychological maturity and will not be easily susceptible to frustration. If an employee fails to do the works well and appropriate to company procedure, this employee is psychologically immature and vulnerable to frustration. Such employee is mostly quixotic at work, low enthusiasm to work, easily bored and exhausted, too many absents and too busy with something not related to that must be done. All these conditions must be corrected immediately.

Low performance among employees of PT. Semen Indonesia (Persero) Tbk is influenced by several factors such as:
1. Lacking of motivation from superior / leader

Leader tends to give less guidance, attention and motivation to subordinates, which in this matter is the employees of PT. Semen Indonesia (Persero) Tbk. The leader is rarely available at place and thus it results in poor communication from leader, especially when leader must provide guidance, direction and motivation. This unfavorable role-model only causes employees of PT. Semen Indonesia (Persero) Tbk to be lacking of responsibility sense to their work, to be absent too often during work hour, and to be slower in working and also in decision-making about the work. Direction and motivation are important because both are encouraging the employees of PT. Semen Indonesia (Persero) Tbk to undergo their task properly.

2. Less satisfying incentive.
   Gift (reward) is not given generously to the employees with good achievement, especially when they are successfully achieving target or delivering the service on target. Therefore, enthusiasm toward achievement and service delivery is less surprisingly low.

3. Less supervision.
   In several units, the employees of PT. Semen Indonesia (Persero) Tbk are lacking of communication and coordination and less supportive to each other especially in finishing the task. The work is overwhelmed with tardiness although it can be finished on time, especially when the work is directly related to customer service. Trade division, distribution division and finance division are often facing an awkward situation. Strict policy from finance division may impede the work at trade and distribution divisions. New request will be managed in prolonged time with very huge production cost.

The employees of PT. Semen Indonesia (Persero) Tbk are one asset with important role for the success of PT. Semen Indonesia (Persero) Tbk to be the better company. The presence of employees is ensuring that company can be run as expected and employees are required to give their professional performance to help the company obtaining good achievement. PT. Semen Indonesia (Persero) Tbk always encourages its human resource to deliver good performance because this performance will benefit not only the individuals who work but also the institution where the individuals work.

Achieving good performance is not easy task because the processes toward and the obstacles against this achievement are influenced by several factors. One factor is about the relationship, either good or bad, among the employees of PT. Semen Indonesia (Persero) Tbk in similar division or across division, or their relationship with superior. Other factor that influences the performance of PT. Semen Indonesia (Persero) Tbk is compensation and work motivation.

By considering this overview as research background, this research is entitled with "The Effect of Compensation and Work Motivation on Employee Performance at Semen Indonesia Limited Company (PT. Semen Indonesia (Persero) Tbk)".

Problem Determination

Based on the background above, problems formulated in this research are: (1) Does compensation and work motivation have simultaneous effect on employee performance at PT. Semen Indonesia (Persero) Tbk? (2) Does compensation and work motivation have partial effect on employee performance at PT. Semen Indonesia (Persero) Tbk? and (3) Among compensation and work motivation, which one is with the most dominant effect on employee performance at PT. Semen Indonesia (Persero) Tbk?

Research Objective

Regarding to problems above, the objectives of research are explained as follows: (1) to understand and to analyze whether compensation and work motivation are influential simultaneously to employee performance at PT. Semen Indonesia (Persero) Tbk; (2) to understand and to analyze whether compensation and work motivation are influential partially to employee performance at PT. Semen Indonesia (Persero) Tbk; and (3) to understand and to analyze which one is from compensation and work motivation with the most dominant effect on employee performance at PT. Semen Indonesia (Persero) Tbk.

Research Benefit

The benefit of research is described as follows. (1) Benefit to academic/theory. (A) Specific. Result of this research may contribute to the learning or application of knowledge about human resource management, especially concerning with the effect of compensation and work motivation on employee performance; and (B) General. Result of this research could be used as the reference for the development of new ideas, the conduct of further research, and the consideration by other researcher who examines similar idea. Moreover, (2) Benefit to empiricism. (A) Specific. Result of this research will contribute thought and information that must be useful for the planning of strategy to improve work motivation among employees of PT. Semen Indonesia (Persero) Tbk to encourage them toward the optimum performance and also the achievement of company goals. (B) General. Result of this research provides fundamental thought and information that must be useful for the planning of strategy to improve work motivation among employees at similar kind or other kind of companies.

METHOD OF RESEARCH

Research method is quantitative. References related to this method are Sugiyono (2002), Simamora (2004), Triton (2006), Nugroho (2005), and Ridwan and Akdon 2009).

RESULT
General Description of Research Object

PT. Semen Indonesia (Persero) Tbk is State-Owned Enterprise (BUMN) that moves in cement industry. The founding of PT. Semen Indonesia (Persero) Tbk is preceded by the name of PT. Semen Gresik (Persero) Tbk. Historical chronology of this company is described as follows:
   (a) In 1953. Legal entity of NV. Semen Gresik is verified on 25 March 1953.
   (b) In 1957. NV. Semen Gresik is officially announced by President Soekarno on 7 August 1957 with production capacity of 250,000 tons cement per year.
   (c) In 1961. For the first time, the factory is expanded that gives additional production capacity of 125,000 tons per year. Since then, NV. Semen Gresik has new capacity of 375,000 tons per year.
   (d) In 1969. The company converts the status from NV to PT (Limited) on 24 October 1969.
   (e) In 1972. Second expansion is conducted that gives additional production capacity of 125,000 tons per year. Since then, PT. Semen Gresik can produce 500,000 tons cement per year. This increment is officially announced by President Suharto on 10 July 1972.

(f) In 1979. Third expansion is signed by the founding of Unit II Semen Gresik Factory with production capacity of 1,000,000 tons cement per year. The official announcement is given by President Suharto on 2 August 1979. Since then, capacity total of Unit I and Unit II of Semen Gresik Factory, if combined, may reach 1,500,000 tons cement per year.

(g) In 1991. PT. Semen Gresik has sold the stock to the public after the listing with Jakarta Stock Exchange and Surabaya Stock Exchange. The company has introduced itself as the first go-public state-owned enterprise with ready-to-sell stock about 40 millions sheets which are ready offered to public.

(h) In 1992. Production capacity of the company increases to 1,800,000 tons cement per year.

(i) In 1994. PT. Semen Gresik (Persero) Tbk establishes Unit III cement factory in Tuban with production capacity of 2,300,000 tons cement per year, and this factory is officially announced by President Suharto on 26 September 1994. It marks on fourth expansion. Since then, production capacity total of PT. Semen Gresik (Persero) Tbk becomes 4.1 millions tons cement per year.

(j) In 1995. Fifth expansion (Second Tuban Project) is conducted, and Unit IV cement factory has production capacity of 2,300,000 tons cement per year.

(k) In 1999. The composition of stockholding in PT. Semen Gresik (Persero) Tbk has changed with 15.01% held by Indonesia Government, 23.46% owned by public majority, and 25.53% possessed by Cemex SS de CV.

(l) In 2006. Stockholding of Cemex SS de CV (Mexico) is sold to Blue Valley Holdings PTE Ltd (Rajawali Group), precisely on 27 July 2006.

(m) In 2012. PT. Semen Gresik (Persero) Tbk is the biggest cement producer in Indonesia, and on 20 December 2012, through General Assembly of Extraordinary Stockholders (RUPSLB), the company is renamed into PT. Semen Indonesia (Persero) Tbk. This renaming is the first step to realize what so called *strategic holding group* to achieve the target of operational synergy for all cement factories owned by PT. Semen Indonesia (Persero) Tbk.

(n) In 2014. The composition of stockholding in PT. Semen Indonesia (Persero) Tbk has changed with 51% held by Indonesia Government, 24.9% possessed by Blue Valley Holdings PTE Ltd (Rajawali Group), 0.6% owned by Cemex SA de CV (Mexico), and 23.5% held by public majority.

Nowadays, the capacity of PT. Semen Indonesia (Persero) Tbk can reach 29 millions tons cement per year and control 42 % market shares in domestic market. PT. Semen Indonesia (Persero) Tbk has some subsidiaries such as PT. Semen Gresik, PT. Semen Padang, PT. Semen Tonasa and Thang Long Cement (in Vietnam). Products manufactured by PT. Semen Indonesia (Persero) Tbk are:

(a) Type I Portland Cement (Ordinary Portland Cement)
It is hydraulic cement and has been used widely for public construction including housings, storey buildings, runways and highways.

(b) Type II Portland Cement
It has great resistance to sulfating process and hydration heat. It is usually used for constructions in the edge of sea or nearby swamp land such as sea port, irrigation channel, mass concrete and water reservoir.

(c) Type III Portland Cement
It is developed to meet the demand for materials to be used for constructions with high initial pressure strength, especially when immediate finishing is needed after the

casting of concrete. Such process can be found in the construction of skyscrapers, highways, and airports.

(d) Type IV Portland Cement

It is used for the buildings constructed on land or water with high sulfate content. For instance, it is often used for waste treatment installation, underwater construction, bridge, tunnel, seaport, and nuclear plant.

(e) Special Blended Cement (SBC)

It is special cement used for mega project of Surabaya-Madura Bridge and it is suitable for the usage in sea water environment. This cement is often packaged in bulk.

(f) Portland Pozzolan Cement (PPC)

It is hydraulic cement made by milling slag, gypsum and pozzolan materials. This is used for constructions that require the resistance to sulfating process and hydration heat, such as bridge, highways, housings and full bases for flats.

Factories are located on very strategic spots in Sumatera, Java, Sulawesi and Vietnam. PT. Semen Indonesia (Persero) Tbk can supply the demand for cement throughout the country by the support of thousands distributors, sub-distributors and retailers. Besides domestic sale, there is also abroad sale (for export), especially the sale to Singapore, Malaysia, Korea, Vietnam, Taiwan, Hong Kong, Kamboja, Bangladesh, Yaman, United States, Australia, Mauritius, Mozambique, Gambia, Madagascar, and others.

Vision is a further view to the future about where the company supposes to go, how the company gets there, and how the company can consistently work and exist, or be anticipative, innovative and productive. Based on its historical facts, the potential can be explored from the noble values respected by all components of stakeholders in PT. Semen Indonesia (Persero) Tbk. Therefore, the vision of PT. Semen Indonesia (Persero) Tbk is to be a leading cement factory in international market with the ability to increase added-value given to stakeholders.

The understanding to this vision statement shall be the accelerator to the performance growth of this limited company which may then be helpful to achieve the vision. It is planned that this vision shall be achieved in half-year after exploring the excellent value.

Mission is a general formulation consisting of efforts needed to incarnate the vision. The function of mission is to unify moves, steps and actions from all company components without discharging the mandate. The mission of PT. Semen Indonesia (Persero) Tbk is: (1) to improve the production and sale of the cement and other related products in order to increase consumer satisfaction by using environmental friendly technology; (2) to create company management based on international standard by respecting business ethic and collectivity sense, and by showing proactive, efficient and innovative postures to every work; (3) to improve competing ability of the cement industry at domestic and international levels; (4) to empower and synergize strategic units in order to improve sustainable added-values; and (5) to develop commitment to boost up the welfare of stakeholders, including shareholders, employees and communities around.

Company culture of PT. Semen Indonesia (Persero) Tbk involves 6 key points. These points are "CHAMPS", the abbreviation from: (1) **C**ompete with clear and synergized vision; (2) **H**ave a high spirit for continuous learning; (3) **A**ct with high accountability; (4) **M**eat customer expectation; (5) **P**erform ethically with high integrity; and (6) **S**trengthen teamwork.

Data of Research

Respondent in this research includes the employees of PT. Semen Indonesia (Persero) Tbk which counts for 75 employees. General description of respondent is shown in respondent demography. Indeed, respondent demography includes gender, age, work term and education background. Demographic factors are influential to employee performance.

Gender of Respondent

Respondent gender must be examined if the composition of employees by gender shall be understood. Indeed, understanding gender composition may be hepful to answer the question whether PT. Semen Indonesia (Persero) Tbk is dominated by certain gender. Primary data are collected through questionnaire. Respondent profile by gender is shown in Table 1 Attachment.

Table 1 has shown that the composition of male and female employees is subjected to huge difference. Male is represented by 61 respondents (81.3 %) while female is represented by 14 respondents (18.7%). It means that the management of PT. Semen Indonesia (Persero) Tbk gives bigger opportunity to male than female employees. It happens because male employees have strong physic and better intelligence than female employees.

Age of Respondent

It has been widely believed that the performance of individual may decline with the age of this individual. The skill owned by individual, mainly related to speed, handiness, and strength, may decrease with the age of individual. Continuous boredom and less intellectual stimulation can contribute to the lowering of performance. Based on primary data collected through questionnaire, the profile of respondent by the age is indicated in Table 2 Attachment.

Table 2 has shown that employees of PT. Semen Indonesia (Persero) Tbk who age for ≤ 20 years old are 0 respondent (0%); those with age between 21-30 years old are 5 respondents (6.7%); those with age between 31-40 years old are 38 respondents (50.7%); those between 41-50 years old are 20 respondents (26.6%); and those with ≥ 51 years old are 12 respondents (16%). Therefore, the majority of employees of PT. Semen Indonesia (Persero) Tbk have their age range between 31-40 years old because this age range is the most productive. Employees in this age range are more mature in their mind and action, and more accustomed to deal with problems at work place. Employees are more familiar and adaptive to any problems shown up in work place, and therefore, decision making is more effective. The age of employees of PT. Semen Indonesia (Persero) Tbk in minor category is ≤ 20 years old with zero respondent (0%).

Work Term of Respondent

Work term is the length of period when individuals serve the government and the length of experience these individuals get from their service. Work term not only shows a certain time period but also the additional knowledge, ability and skill obtained by these individuals from their work term. Therefore, work term is becoming important because it can explain employee turnover. The predictor of the past is the best predictor for the future. The longer work term the individuals have is the more experiences the individuals will obtain from work.

Based on primary data collected through questionnaire, respondent profile by the age is displayed in Table 3 Attachment.

Table 3 has indicated that employees of PT. Semen Indonesia (Persero) Tbk who have work term between 1-5 years are 2 respondents (2.7%); those with work term between 6-10 years are 13 respondents (17.3%); those with work term between 11-15 years are 31 respondents (41.3%); those with work term between 16-20 years are 13 respondents (17.4%), and those with work term > 20 years are 16 respondents (21.3%). In this research, PT. Semen Indonesia (Persero) Tbk is dominated by employees with work term between 11-15 years, and it is represented by 23 respondents (41.3%). Work term is a factor that influences experience, ability, knowledge, and responsibility of individuals when they think, act and make a decision. Employees with longer work term tend to have more experiences, to be more mature in thinking and making action, and to be more effective in decision making, if compared to the younger employees with shorter work term. Employees of PT. Semen Indonesia (Persero) Tbk with the shortest work term are those with work term between 1-5 years as represented by 2 respondents (2.7%). It is possible because PT. Semen Indonesia (Persero) Tbk has recently layoff some employees or does not intend to recruit new employees.

Last Education Background of Respondent

Education is one important element to determine work ability and performance. Respondent education background may help the ability of respondent as employee to finish the work. People with different education background can still perform their work quite well. As indicated by primary data collected through questionnaire, respondent profile by the last education background is shown in Table 4 Attachment.

Table 4 has shown that employees of PT. Semen Indonesia (Persero) Tbk with high school as their last education background are 13 respondents or 13.7%; those graduated from D-III are 23 respondents or 30.7%; those graduated from Strata 1 are 36 respondents or 48%; and those graduated from Strata 2 are 3 respondents or 4%. It means that employees of PT. Semen Indonesia (Persero) Tbk are dominated by those graduated from Strata 1 as represented by 36 respondents (48%). The lowest is those graduated from Strata 2 as represented by 3 respondents (4%). It means that education background at PT. Semen Indonesia (Persero) Tbk is quite good because employees are highly educated and having ability to produce better output.

The Analysis of Research Result

The analysis of research result is related to the review of all test results. It is conducted with Software SPSS. The process is elaborated as follows.

1. Description of Respondent Answer on Compensation (X1)

The description of respondent answer on compensation (X1) is shown in Table 5 Attachment. Item of Compensation 1 is the response to question whether the accepted salary is compatible to the work. Table 5 shows that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 34 respondents or 45.3%; those responding agree are 36 respondents or 48%; and those responding very agree are 5

respondents or 6.7%. Therefore, it is said that the majority of respondents agree that the accepted salary has been compatible to the work.

Item of Compensation 2 is the response to question whether the accepted incentive is compatible to the achievement of work target. As shown in Table 5, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 7 respondents or 9.3%; those responding agree are 59 respondents or 78.7%; and those responding very agree are 9 respondents or 12%. It can be said that the majority of respondents agree that the accepted incentive has been compatible to the achieved work target.

Item of Compensation 3 is the response to question whether the accepted benefit is conformed to the government regulation. Table 5 indicates that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 8 respondents or 10.7%; those responding agree are 45 respondents or 60%; and those responding very agree are 22 respondents or 29.3%. It is then inferred that the majority of respondents agree that the accepted benefit has been conformed to the government regulation.

Item of Compensation 4 is the response to question whether the accepted facility is conformed to the government regulation. As indicated by Table 5, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 9 respondents or 12%; those responding agree are 63 respondents or 84%; and those responding very agree are 3 respondents or 4%. It is then presumed that the majority of respondents agree that the accepted facility has been conformed to the government regulation.

Item of Compensation 5 is the response to question whether there is job promotion at work. As displayed in Table 5, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 11 respondents or 14.7%; those responding agree are 48 respondents or 64%; and those responding very agree are 16 respondents or 21.3%. It is then declared that the majority of respondents agree that there is job promotion at work.

2. Description of Respondent Answer on Work Motivation (X2)

The description of respondent answer on work motivation (X2) is indicated in Table 6 Attachment.

Item of Work Motivation 1 is the response to question whether workplace environment is pleasant. Table 6 shows that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 11 respondents or 14.7%; those responding agree are 40 respondents or 53.3%; and those responding very agree are 24 respondents or 32%. Therefore, it is said that the majority of respondents agree that workplace environment is pleasant.

Item of Work Motivation 2 is the response to question whether self-security is guaranteed at work. As shown in Table 6, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 24 respondents or 32%; those responding agree are 50 respondents or 66.7%; and those responding very agree are 1

respondent or 1.3%. It can be said that the majority of respondents agree that self-security is guaranteed at work.

Item of Work Motivation 3 is the response to question whether there is no discrimination at work. Table 6 indicates that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 23 respondents or 30.7%; those responding agree are 50 respondents or 66.7%; and those responding very agree are 2 respondents or 2.7%. It is then inferred that the majority of respondents agree that there is no discrimination at work.

Item of Work Motivation 4 is the response to question whether respondents' feeling is appreciated by their superior and peer. As indicated by Table 6, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 12 respondents or 16%; those responding agree are 37 respondents or 49.3%; and those responding very agree are 26 respondents or 34.7%. It is then presumed that the majority of respondents agree that their feeling is appreciated by their superior and peer.

Item of Work Motivation 5 is the response to question whether respondents can do self-actualization at work. As displayed in Table 6, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 12 respondents or 16%; those responding agree are 56 respondents or 74.7%; and those responding very agree are 7 respondents or 9.3%. It is then declared that the majority of respondents agree that they can do self-actualization at work.

3. Description of Respondent Answer on Employee Performance (Y)

The description of respondent answer on employee performance (Y) is shown in Table 7 Attachment.

Item of Employee Performance 1 is the response to question whether the number of works accomplished by respondents is increasing. Table 7 shows that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 11 respondents or 22%; those responding agree are 37 respondents or 74%; and those responding very agree are 2 respondents or 4%. Therefore, it is said that the majority of respondents agree that the number of works accomplished by them is increasing.

 Item of Employee Performance 2 is the response to question whether respondents have ability to finish the work on time. As shown in Table 7, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 18 respondents or 24%; those responding agree are 53 respondents or 70.7%; and those responding very agree are 4 respondents or 5.3%. It can be said that the majority of respondents agree that they have ability to finish the work on time.

Item of Employee Performance 3 is the response to question whether respondents are able to create innovation at work. Table 7 indicates that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 5 respondents or 6.7%; those responding agree are 67 respondents or 89.3%; and those responding very agree are 3 respondents or 4%. It is then inferred that the majority of respondents agree that they are able to create innovation at work.

Item of Employee Performance 4 is the response to question whether respondents are able to be creative at work. As indicated by Table 7, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 3 respondents or 4%; those responding agree are 68 respondents or 90.7%; and those responding very agree are 4 respondents or 5.3%. It is then presumed that the majority of respondents agree that they are able to be creative at work.

Item of Employee Performance 5 is the response to question whether respondents can minimize their error at work. As displayed in Table 7, those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 15 respondents or 20%; those responding agree are 49 respondents or 65.3%; and those responding very agree are 11 respondents or 14.7%. It is then declared that the majority of respondents agree that they can minimize their error at work.

Item of Employee Performance 6 is the response to question whether respondents have a commitment to work based on company rule. Table 7 has shown that those responding very disagree are zero or 0%; those responding disagree are zero or 0%; those responding uncertain are 14 respondents or 20%; those responding agree are 48 respondents or 64%; and those responding very agree are 13 respondents or 17.3%. It is asserted that the majority of respondents agree that they have a commitment to work based on company rule.

Validity and Reliability Tests

Validity Test is the measuring instrument to understand the accuracy and precision of a measuring tool in performing the measuring function. A measuring tool can be said as having high validity if this tool can give the measuring result compatible with the purpose of measurement. Result of data processing is shown in Table 8 Attachment.

Result of validity test against questionnaire answers given by respondents is indicated in Table 8. Significance rate is measured by the criterion of Significance Rate (2-tailed) < 0.05. Result of validity test has shown that each score for independent variables of compensation (X1) and work motivation (X2), and also for dependent variable of employee performance (Y), has indicated Sig (2-tailed) less than $\alpha = 0.05$. Therefore, all three variables are valid because it conforms to the criterion.

Reliability Test is carried out to see how far the measurement result can be trusted. A measuring tool is considered reliable if few times of measurement against the subject have produced relatively similar result (Triton, 2006). Reliability Test uses *internal consistency*, which is a method to observe how consistent the respondents' answer is to question items within research instrument. This research measures the consistency of respondents' answer (internal consistency) with the coefficient of Cronbach Alpha. Threshold of alpha coefficient in this research is >0.60 as suggested by Hair et al (1995; p.79). More clearly, see Table 9 Attachment.

Based on result of data processing with SPSS in Table 9, it can be said that data of questionnaire result have met the criterion of Reliability Test because all variables (compensation, work motivation and employee performance) have Cronbach Alpha bigger than 0.60. Cronbach Alpha ranges between 0 and 1. Bigger score means that data are more reliable (the better).

Linearity Test

Linearity Test involves Normality Test and Classical Assumption Independent Test. Meanwhile, Classical Assumption Independent Test consists of Multi-colinearity Test, Auto-correlation Test, and Heteroscedasticity Test.

Normality Test

It is shown in Figure 1 Attachment. Normality Test is aimed to examine whether regression model has normal distribution or not. It is understood by looking at the spot where the points will form an oblique line toward the diagonal right. Figure 1 of the result of SPSS processing indicates that data of questionnaire result are normally distributive because the points are following the diagonal line and leaning to the right.

Classical Assumption Independent Test

Classical Assumption Independent Test includes several tests described as following:
   a. Heteroscedasticity Test
   It is illustrated in Figure 2. Based on result of SPSS processing in Figure 2, the scatter plot shows that data of questionnaire result are independent from heteroscedasticity because:
- the distribution of data points is irregular or without pattern;
- data points are distributing above, below or around the zero number; and
- data points do not assemble in upper part only or in lower part only.
   b. Auto-correlation
   Auto-correlation test is performed to examine whether in a regression model, there is a correlation across deviation standards at period t and period t-1, especially among the observation members in similar independent variables which are interdependent to each other. It is displayed on Table 10 Attachment.

Based on the result of SPSS processing, it is known that Durbin-Watson score in Table 10 is 1.817 and the rate still remains within the allowable range standard, respectively 1.60 < Durbin-Watson < 2.35. Therefore, it can be said that data of questionnaire result are free from auto-correlation.

   c. Multi-colinearity Test
   Multi-colinearity Test is carried out to understand whether there is a causal relationship between two or more independent variables. Table 11 Attachment shows the result of SPSS processing.
   Table 11 indicates that *Variance Inflation Factor* (VIF) is explained as follows:
- compensation is scored at 1.100; and
- work motivation is scored at 1.100.
All these variables have *Variance Inflation Factor* (VIF) less than 10, and thus, data of questionnaire result are independent of multi-colinearity.

Multiple Linear Regression

The equation of multiple linear regression is obtained by using SPSS program and the result is shown in Table 11. Result of analysis of multiple linear regression can be written into a notation based on the analysis of regression equation model as following:
   $Y = 4.429 + 0.452 X1 + 0.521 X2$

This equation can be described as follows:

a. Constant Coefficient b0 is 4.429, meaning that if compensation (X1) and work motivation (X2) are similarly fixed at unit of 0 rate, then employee performance (Y) is 4.429 units.

b. Regression Coefficient b1 is 0.452, meaning that there is a positive relationship. If compensation (X1) is increased to 1 unit, then employee performance (Y) will increase to 0.452 units with assumption that the rate of work motivation (X2) is fixed.

c. Regression Coefficient b2 is 0.521, meaning that there is a positive relationship. If work motivation (X2) is increased to 1 unit, then employee performance (Y) will increase to 0.521 units with assumption that the rate of compensation (X1) is fixed.

Based on the equation of multiple linear regression, and pursuant to the explanation above, it is shown that compensation (X1) and work motivation (X2) have positive effect on employee performance at PT. Semen Indonesia (Persero) Tbk. This positive effect means that employee performance changes in similar direction with the change of independent variables, respectively compensation and work motivation. Independent variable with the dominant effect on the equation of multiple linear regression is work motivation (X2), that scored at 0.521 units. As indicated in the columns of correlation zero order, partial and part (Table 11), the rate of work motivation is bigger than the rate of compensation.

R^2 Test

As displayed on Table 10, coefficient of determination (R-Square) is 0.604 or 60.4 %. The point of 60.4% means that the contribution of independent variables, respectively compensation (X1) and work motivation (X2), to dependent variable, precisely employee performance (Y), is 60.4%. The remaining 39.6% is derived from the contribution of other variables' effect beyond this research.

Simultaneous Test (F-test) and Partial Test (t-test)

As shown in research objectives, this research is aimed to understand the effect of compensation (X1) and work motivation (X2) simultaneously or partially on employee performance (Y), and to recognize which one is with the most dominant effect on employee performance. To achieve these objectives, research can use the analytical model of multiple linear regression.

First hypothesis is proved by using F-test to examine the effect of independent variables simultaneously on dependent variable.

Result of ANOVA (Analysis of Variance) with SPSS program is exhibited in Table 12. F-test or Simultaneous-Test is functional to detect whether independent variables (Xi) are simultaneously influential to dependent variable (Yi). The proposed hypotheses are:

$H_0 : b_1 = b_2 = b_3 = 0$ (simultaneously, there is no relation between independent variable of compensation and work motivation with dependent variable of employee performance).

$H_1 : b_1 = b_2 = b_3 \neq 0$ (simultaneously, there is relation between independent variable of compensation and work motivation).

The significance rate for these hypotheses is $\alpha = 5\%$.

Table 12 shows that the significance rate is 0.0000 meaning that this rate is less than 5%. It is also meant that H0 is rejected and H1 is accepted. Final inference declares that there

is a significant and simultaneous effect between independent variables of compensation (X1) and work motivation (X2) on dependent variable of employee performance (Y).

Partial Test or t-Test is used to acknowledge whether independent variables of compensation (X1) and work motivation (X2) are individually (partially) influential to dependent variable of employee performance (Y). The hypotheses used are:

H_0 : $b_i = 0$ (individually, there is no relation between independent variable of compensation and work motivation with dependent variable of employee performance).

H_1 : $b_i \neq 0$ (individually, there is a relation between independent variable of compensation and work motivation with dependent variable of employee performance).

The significance rate for these hypotheses is $\alpha = 5\%$.

Table 8 shows that significance rate of each hypothesis is explained as follows. Compensation is 0.000 whereas work motivation is 0.000. All significance rates of independent variables are smaller than 5% such that it can be said that H_0 is rejected and H_1 is accepted. Therefore, there is individual (partial) relationship between compensation (X1) and work motivation (X2) with employee performance (Y). Also, both independent variables have significant and partial effect on employee performance at PT. Semen Indonesia (Persero) Tbk. Each independent variable of compensation (X1) and work motivation (X2) has its own contribution to dependent variable of employee performance (Y). Regression coefficient of compensation is 0.452 and that of work motivation is 0.521.

DISCUSSION

The objective of this research is to understand the effect of compensation and work motivation on employee performance at PT. Semen Indonesia (Persero) Tbk. Data collection technique is questionnaire. Sample includes 75 respondents and all of them are employees of PT. Semen Indonesia (Persero) Tbk.

Validity Test and Reliability Test are performed against data of questionnaire result. Validity test gives significant result because significance rate (2-tailed) of all variables is smaller than 5% (Table 8). Reliability test provides significant result because Cronbach Alpha rate for compensation is 0.730, for work motivation is 0.747, and for employee performance is 0.770 (Table 9).

Linearity Test involves Normality Test and Classical Assumption Independent Test. Normality Test uses PP Plot and the result is that all data points are following the straight line that is oblique toward right direction (Figure 1). It can be said that data of questionnaire result have met the criterion of Normality Test. Classical Assumption Independent Test involves several tests such as:

1. Heteroscedasticity Test
   This testing has used Scatter Plot (Figure 2). The result is that the points on Scatter Plot have distributed evenly above or below zero number without showing a certain pattern. It can be said that data of questionnaire are free from heteroscedasticity.

2. Auto-correlation Test
   This testing uses SPSS program. The result is shown in table of Model Summary (Table 10). Durbin-Watson rate is 1.996, meaning that data of questionnaire result have met the requirement of classical assumption independent because the rate of 1.996 has remained in range between 1.6 and 2.35.

3. Multi-colinearity Test

This testing also uses SPSS program. The result is shown in table of Coefficients (Table 11). VIF rate for compensation is 1.100 and for work motivation is 1.100. It means that data of questionnaire result have met the requirement of classical assumption independence because all VIF rates are below 10.

Based on the result of SPSS Program and table of Coefficients (Table 11), the following regression equation is obtained and written as:

$$Y = 4.429 + 0.452\ X1 + 0.521\ X2$$

where X1 is compensation, X2 is work motivation, and Y is employee performance. This model of multiple linear regression has shown that one independent variable has the dominant effect, and this variable is compensation. It is actually perceived by initial presumption that compensation plays great role by influencing the improvement of employee performance.

F-test is used to examine whether X1 and X2 are simultaneously influential to (have a relation with) Y. Therefore, the hypotheses used are:

$H_0 : b_1 = b_2 = b_3 = 0$ (simultaneously, there is no relation between independent variable of compensation and work motivation with dependent variable of employee performance).

$H_1 : b_1 = b_2 = b_3 \neq 0$ (simultaneously, there is relation between independent variable of compensation and work motivation).

The significance rate for these hypotheses is $\alpha = 5\%$. Based on table of ANOVA (Table 12), F-test has produced significance rate of 0.0000 that is less than 5%. It is also meant that H0 is rejected and H1 is accepted. Final inference declares that there is a significant and simultaneous effect between independent variables of compensation (X1) and work motivation (X2) on dependent variable of employee performance (Y).

T-Test (Partial Test) is employed to understand whether X1 and X2 are partially influential to (have a relation with) Y. Hypotheses used are:

$H_0 : b_1 = b_2 = b_3 = 0$ (partially, there is no relation between independent variable of compensation and work motivation with dependent variable of employee performance).

$H_1 : b_1 = b_2 = b_3 \neq 0$ (partially, there is relation between independent variable of compensation and work motivation).

The significance rate for these hypotheses is $\alpha = 5\%$. Table of Coefficients (Table 11) has indicated that significance rate for the constant is 0.046, for compensation is 0.000 and for work motivation is 0.000. All these significance rates are less than 5 %. It can be said that H0 is rejected whereas H1 is accepted, meaning that partially, each independent variable (X1 and X2) is influential to (have a relation with) dependent variable (Y).

Result of analysis also indicates that R^2 is 0.604 or 60.4% (Table 10). The point of 60.4% means that the relationship between independent variables such as compensation and work motivation can give significant contribution to employee performance for 60.4 %, while the remaining 39.6% are contributed by the effect of other variables beyond this research, such as work training, organizational climate and leadership style.

As indicated in Table 11, work motivation (X2) has correlation rate (zero-order, partial, and part) of 0.521 (52.1%) which is bigger than compensation (X1) that is rated for 0.452 (45.2%). Therefore, work motivation (X2) is more dominant than compensation (X1) in influencing employee performance at PT. Semen Indonesia (Persero) Tbk.

CONCLUSION AND SUGGESTION
Conclusion

Based on the result of analysis and discussion, it is concluded that:
1) Compensation and work motivation are positively, significantly, and simultaneously influential to employee performance at PT. Semen Indonesia (Persero) Tbk;
2) Compensation and work motivation are positively, significantly, and partially influential to employee performance at PT. Semen Indonesia (Persero) Tbk; and
3) Work motivation has the dominant effect on employee performance at PT. Semen Indonesia (Persero) Tbk.

Suggestions

As previously explained about the effect of compensation and work motivation on employee performance at PT. Semen Indonesia (Persero) Tbk, the author can suggest as follows:
1) PT. Semen Indonesia (Persero) Tbk shall improve compensation and work motivation to increase employee performance. Also, PT. Semen Indonesia (Persero) Tbk must look for and examine other variables (besides the observed variables above) that can increase employee performance. It is important because coefficient of determination (R^2) in this research still reaches 60.4%, meaning that there are 39.6% left for other variables to increase employee performance at PT. Semen Indonesia (Persero) Tbk.
2) For further researcher, next research must use more extensive object, sample and measurement. It may include work training, leadership style and organizational climate to obtain higher R^2 rate.

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LIST OF ATTACHMENTS

Table 1. Gender of Respondent

GENDER	SUM	PERCENTAGE
Pria	61	81.3
Wanita	14	18.7
TOTAL	75	100

Source : Ratna Ursula Setiadi, 2013

Table 2. Age of Respondent

AGE	SUM	PERCENTAGE
≤20	0	0
21 – 30	5	6.7
31 – 40	38	50.7
41 – 50	20	26.6
≥ 51	12	16
TOTAL	75	100

Source : Ratna Ursula Setiadi, 2013

Table 3. Work Term of Respondent

WORK TERM	SUM	PERCENTAGE
1 – 5 years	2	2.7
6 – 10 years	13	17.3
11 – 15 years	31	41.3
16 – 20 years	13	17.4
> 20 years	16	21.3
TOTAL	75	100

Source : Ratna Ursula Setiadi, 2013

Table 4. Last Education of Respondent

LAST EDUCATION	SUM	PERCENTAGE
High School	13	17.3
Diploma 3	23	30.7
Strata 1	36	48
Strata 2	3	4
TOTAL	75	100

Source : Primary data

Table 5. The Description of Respondent Answer on Compensation (X1)

Respondent Answer	Compensation 1		Compensation 2		Compensation 3	
	Frequency	%	Frequency	%	Frequency	%
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	34	45.3	7	9.3	8	10.7
4	36	48	59	78.7	45	60
5	5	6.7	9	12	22	29.3
Total	75	100	75	100	75	100

Respondent Answer	Compensation 4		Compensation 5	
	Frequency	%	Frequency	%
1	0	0	0	0
2	0	0	0	0
3	9	12	11	14.7
4	63	84	48	64
5	3	4	16	21.3
Total	75	100	75	100

Source : Ratna Ursula Setiadi, 2013

Table 6. The Description of Respondent Answer on Work Motivation (X2)

Respondent Answer	Work Motivation 1		Work Motivation 2		Work Motivation 3	
	Frequency	%	Frequency	%	Frequency	%
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	11	14.7	24	32	23	30.7
4	40	53.3	50	66.7	50	66.7
5	24	32	1	1.3	2	2.7
Total	75	100	75	100	75	100

Respondent Answer	Work Motivation 4		Work Motivation 5	
	Frequency	%	Frequency	%
1	0	0	0	0
2	0	0	0	0
3	12	16	12	16
4	37	49.3	56	74.7
5	26	34.7	7	9.3
Total	75	100	75	100

Source : Ratna Ursula Setiadi, 2013

Table 7. The Description of Respondent Answer on Employee Performance (Y)

Respondent Answer	Employee Performance 1		Employee Performance 2		Employee Performance 3	
	Frequency	%	Frequency	%	Frequency	%
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	11	14.7	18	24	5	6.7
4	59	78.7	53	70.7	67	89.3
5	5	6.7	4	5.3	3	4
Total	75	100	75	100	75	100

Respondent Answer	Employee Performance 4		Employee Performance 5		Employee Performance 6	
	Frequency	%	Frequency	%	Frequency	%
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	3	4	15	20	14	18.7

4	68	90.7	49	65.3	48	64
5	4	5.3	11	14.7	13	17.3
Total	**75**	**100**	**75**	**100**	**75**	**100**

Source : Ratna Ursula Setiadi, 2013

Table 8. Validity Test

Correlations

		KOMPENSASI	MOTIVASI KERJA	KINERJA PEGAWAI
KOMPENSASI	Pearson Correlation	1	,307	,512**
	Sig. (2-tailed)		,038	,000
	N	75	75	75
MOTIVASI KERJA	Pearson Correlation	,307	1	,616**
	Sig. (2-tailed)	,038		,000
	N	75	75	75
KINERJA PEGAWAI	Pearson Correlation	,512**	,616**	1
	Sig. (2-tailed)	,000	,000	
	N	75	75	75

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

Source : Ratna Ursula Setiadi, 2013

Table 9. Reliability Test

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
KOMPENSASI	43,3600	10,206	,307	,364	,759
MOTIVASI KERJA	43,4667	8,874	,384	,465	,737
KINERJA PEGAWAI	39,5200	7,037	,398	,496	,721

Source: Ratna Ursula Setiadi, 2013

Figure 1
Normality Test

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: KINERJA PEGAWAI
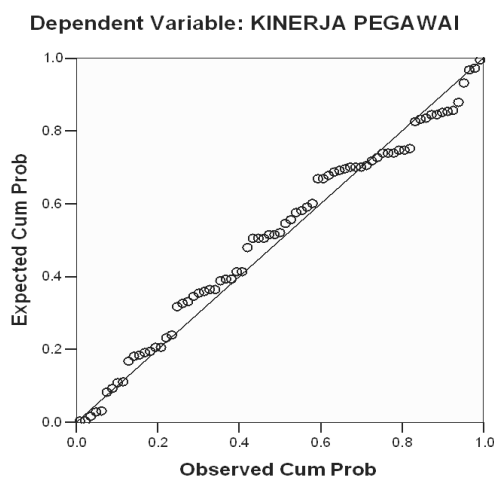
Source : Result of *SPSS* Processing

Figure 2
Heteroscedasticity Test

Scatterplot

Dependent Variable: KINERJA PEGAWAI
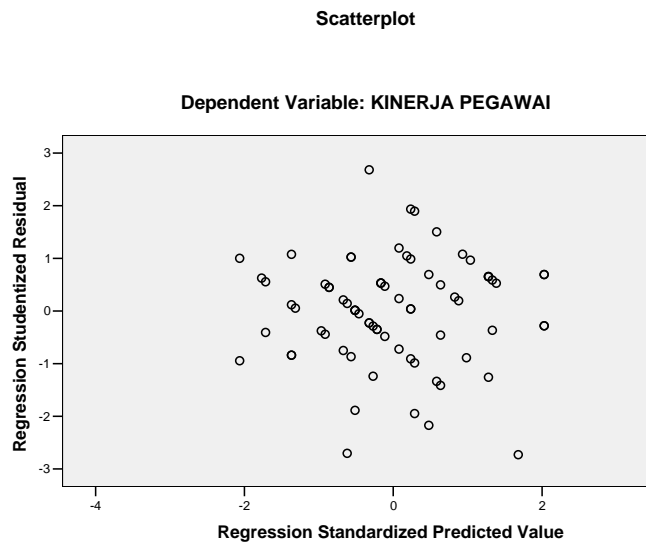
Source : Ratna Ursula Setiadi, 2013

Table 10. Auto-correlation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,777[a]	,604	,593	,66752	1,817

a. Predictors: (Constant), MOTIVASI KERJA, KOMPENSASI

b. Dependent Variable: KINERJA PEGAWAI

Source : Ratna Ursula Setiadi, 2013

Table 11. Multi-Colinearity Test and Partial Test (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	4,429	1,858		2,384	,020					
	KOMPENSASI	,452	,071	,474	6,377	,000	,512	,601	,473	,996	1,100
	MOTIVASI KERJA	,521	,066	,585	7,871	,000	,616	,680	,584	,996	1,100

a. Dependent Variable: KINERJA PEGAWAI

Source : Ratna Ursula Setiadi, 2013

Table 12. Simultaneous Test (F-Test)

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124,936	2	62,468	54,816	,000[a]
	Residual	82,051	72	1,140		
	Total	206,987	74			

a. Predictors: (Constant), MOTIVASI KERJA, KOMPENSASI

b. Dependent Variable: KINERJA PEGAWAI

Source : Ratna Ursula Setiadi, 2013