SUMMARY

ALDI CAHYANUGROHO. Remuneration Effect towards Employee Motivation and Its Implications to Employee Performance on PT XYZ. Supervised by MUSA HUBEIS and HARI WIJAYANTO.

High competition on food and beverage industry and also growth of middle class income people making company need to be consistently increase product quality, time and cost efficiency in order to compete more competitiveness. Efficiency and effectiveness in company business process need support by performance human resources quality. Remuneration intended to stimulate employee motivation to do the work, so that employee performance more better and high productivity.

The company face the problems, which is employee motivation and productivity doesn’t appear increase significantly, although since 2014 the company has provided a stimulant remuneration such as reward, direct appreciation and additional employee assessment points. The aim of this study was to analyze: (1) the employee attitude of remuneration, motivation and their performance, (2) the effect and relationship of remuneration towards employee motivation, (3) the effect and relationship of remuneration towards employee performance and (4) the effect and relationship of motivation towards employee performance and formulate kind of suggestion for the company’s efforts in order to improve employee performance.

This study was conducted at manufacturing area PT XYZ located in Cicurug Sukabumi West Java on August 2015. Stratified with purposive and convenience sampling technique used in this study. The population in this study were all employees of PT XYZ start from staff level to the supervisory level. Total population were 360 people. The number of respondents were 132 people selected from 10 different departments with composition is 99 people staff level and 33 people supervisory level. The data were collected from respondents by using questionnaires, observation, interviews and literature study. Questionnaires measured by using Likert scale. Range criteria analysis and average score method used for measure respondent’s attitude of variable remuneration, motivation and employee performance. The data processed by Statistical Package for Social Science (SPSS) software version 16.0. Data analysis to measure the effect and relationship between each variable in this study by using Structural Equation Modeling (SEM). The data was processed into structural equation models by using Linear Structural Relationship (LISREL) software version 8.51.

Characteristics of respondents were dominated by the male gender (83%), the productive age group between 20-30 years (56%), working unit/department manufacturing (33%), married status have children (65%), years of services 3-7 years (36%), education level Bachelor degree (45%), domicile in Sukabumi (81%) and area Cicurug (66%). Respondent attitude stated by criteria index value. Variable remuneration index value was 3.25 which is included in the good enough criteria. Motivation variable index value was 3.54 which is in the good criteria. Employee performance variable index value was 3.59 which is in the good criteria. The result of this study showed that the remuneration has significant
Effect and positive correlation towards employee motivation and employee performance, while the employee motivation has insignificant effect towards employee performance. Results of SEM analysis showed the highest coefficient were wages based on the needs indicator at the variable remuneration, individual progress development indicator at variable motivation and employee obedience indicator at variable employee to the highest priority wages based on needs and wages based on working length.

Therefore the company management of PT XYZ need to: (1) pay attention to the components of remuneration, such as wages based on work length, wages based on needs and considering market conditions, (2) maintaining a sense of employee responsibilities, conducting a review of employee competences, placing employees according to their competencies and challenging employee to be able to feel that their work was suitable with their competence for example by rolling or work mutation (3) giving attention to the employees obedience in running the company rules and comply with the terms of working hours, to seek employee awareness through dissemination of company regulations and imposing rewards and punishments that have been defined before.

Keywords: attitude, employee performance, motivation, remuneration