

# The Effect of Wages and Services on Employee Performance at PT. Aerofood Indonesia Kualanamu International Airport Branch, Medan

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## Abstract

This study aims to determine whether wages and benefits for working period both partially and simultaneously have a significant effect on employee performance at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch and what is the percentage. The method used in this study is a quantitative method with several tests, namely reliability analysis, classical assumption deviation test and linear regression. Based on the results of the primary data regression which was processed using SPSS 20, the following multiple linear regression equation was obtained:  $Y=8,358+0,059 X_1+0,747 X_2$ . Partially, the wage variable ( $X_1$ ) has no significant effect on employee performance, as evidenced by the value of  $t$  count  $< t$  table ( $0.695 < 1.994$ ). The variable of long service allowance ( $X_2$ ) has a significant effect on employee performance, as evidenced by the value of  $t$  count  $> t$  table ( $7.085 > 1.994$ ). Simultaneously, the variable wages ( $X_1$ ) and benefits ( $X_2$ ) have a significant effect on employee performance. This means that the hypothesis in this study is accepted, as evidenced by the calculated  $F$ -value  $> F$ -table ( $26,299 > 3,13$ ). Wage variable ( $X_1$ ) and long service allowance ( $X_2$ ) were able to contribute to the influence of the performance variable by 43.3% while the remaining 56.7% was influenced by other variables not examined in this study. From the conclusions above, the authors suggest seeing the low percentage of the influence of the variable wages and benefits on employee performance, the company and employees must work together to support the professionalism of employees so that the goal of increasing professionalism can be achieved. It is hoped that there will be in-depth research. In the future, other researchers have conducted research regarding the variable of wages and long service benefits on performance.

**Keywords:** Wages • Period of service allowance and performance • Aerofood • Employee performance

## Introduction

Wages take a very important role in a company because wages are one of the factors driving employee performance and as a factor for employee economic continuity. With wages that are in accordance with applicable regulations, the needs of employees will be fulfilled. Every company must be able to establish a decent wage system so that employees can give their best to the company. Many companies are abandoned by employees because they do not have standards that are in accordance with government regulations regarding the determination of relative minimum wages. In addition to wages, allowances must also be provided by the company, be it because of their achievements or years of service. Allowances are rewards that are given in terms of mandatory allowances and non-mandatory allowances. The benefits provided are not the same as wages, if the wages given must be every month but the benefits are given in accordance with the company's agreement and the company's ability. Allowances with years of service can be provided by the company by providing interpersonal awards in the form of appointments as permanent employees.

PT. Aerofood Indonesia is an airline catering service provider that has been active for approximately 40 years on Garuda Indonesia flights. One of its branches is Kualanamu International Airport. Based on the author's observations at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch said that there was a problem regarding wages and benefits, namely that the wages given had not been able to meet the needs of employees. Period of service allowances are not given to all employees, only those who are permanent employees will receive long service allowances. There are still

employees who have worked for a long time but have not yet been appointed as permanent employees.

## Formulation of the problem

Based on the description of the background and identification of the problems described above, the problems that will be studied in this research are:

- Do wages and benefits have a significant effect on employee performance at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch?
- How much wages and benefits have a positive and significant impact on the performance of employees at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch?

## Research purposes

A research must have a purpose, while the objectives of this research are:

- To find out whether wages and long service allowances both partially and simultaneously have a significant effect on employee performance at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch.
- To find out how much wages and benefits have a significant effect on the performance of employees at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch.

## Theoretical foundation

**Understanding wages:** According to Suwatno [1] argues that "wages are prices for services that have been given by one person to another." According to Suwatno argues that "wages are broadly the object of economic work." According to Supomo [2] argues that "wages are remuneration paid to daily workers based on the agreed agreement to pay them."

**Definition of allowance:** According to Handoko allowance is any additional benefit offered to workers or employees. For example the use of company vehicles, free lunches, low or no interest loans, health services,

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vacation assistance, and share purchase schemes. At high levels such as senior managers, companies usually choose to provide greater benefits than increase salaries, this is because the benefits are only taxed low or not taxed at all. Allowances are additional compensation that aims to bind employees to keep working at the company [3].

According to Mangkunegara allowances are all types of awards in the form of money or not money given to employees properly and fairly for their services in achieving company goals. Benefits include things like health and life insurance, pensions, paid leave, and child care facilities. In addition to salary, compensation also includes coverage of benefits (benefits). Employee benefits (employee benefits) are payments and services that protect and complement basic salary, and the company pays all or part of the benefits [4].

**Understanding performance:** Ethnologically, performance comes from the word performance. As stated by Sudaryo that the term performance comes from the word job performance or actual performance (real work achievement or achievement achieved by a person), namely the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him [5].

## Methodology

### Research sites

This research was conducted at PT. Aerofood Indonesia Kualanamu International Airport Medan Branch which is located at Jl. Kualanamu Beringin International Airport Office Complex, Deli Serdang. Telephone no: 061-8888 0446.

### Data analysis technique

The data analysis technique that will be used by the author in this research is statistical technique. According to Moh Nazir [6], "Statistics play an important role in research, both in modeling, in formulating hypotheses, in developing data collection tools and instruments, in preparing research designs, in determining samples, and in data analysis."

**Some of the statistical techniques used to analyze the data in this study are:**

- Reliability Analysis
- Classical Assumption Deviation Test
- Linear Regression

## Results and Discussion

### Reliability analysis

Reliability Analysis is intended to obtain good and quality research results. Reliability Analysis is divided into 2 tests, namely the validity test and the reliability test. Validity and reliability tests were carried out on research tools, in this case a questionnaire. Valid means that the data obtained by using tools (instruments) can answer the research objectives, while reliable means that they are consistent and stable. In this study, the validity and reliability tests were carried out using the item analysis method, namely by correlating the score of each item with the total score which was the sum of each item's score. The number of questions tested were 10 questions in each variable.

### Validity test

**The validity test was carried out using the SPSS 20 program with the following criteria:**

- If the value of  $r$  arithmetic  $> r$  table ( $\alpha < 0.05$ ) with  $n=72$ , then the data

is said to be valid.

- If the value of  $r$  count  $< r$  table ( $> 0.05$ ) with  $n=72$ , then the data is said to be invalid

### Reliability test

Reliability test was conducted to see the consistency of the answers. Testing reliability with internal consistency by trying the instrument only once and analyzed using the Cronbach Alpha technique. According to Priyatno [7], "Reliability less than 0.6 is not good, while 0.7 is acceptable and above 0.8 is good".

From (Table 1) it can be explained that the results of the reliability test for the variables of wages (X1), long service allowances (X2) and performance (Y) are classified as good [8].

### Statistical test analysis

**Normality test:** Normality test is a test carried out with the aim of assessing the distribution of data in a group of data or variables, whether the distribution of the data is normally distributed or not. Normality test is useful for determining the data that has been collected is normally distributed or taken from a normal population. The classical method of testing the normality of a data is not so complicated. To see whether the data is normally distributed or not, the author uses the Kolmogorov-Smirnov analysis test with the criteria for the significance value having to be greater than 0.05 to say that the data is normally distributed. Here are the test results (Table 2).

From the SPSS output above, it can be seen that the significance value (Asymp. Sig 2-tailed) is 0.300. Because the significance is more than 0.05 ( $0.300 > 0.05$ ), then the residual value is normal [9,10].

**Multicollinearity test:** Multicollinearity is a situation that shows a strong correlation or relationship between two or more independent variables in a multiple regression model. If there is multicollinearity, then a variable that is strongly correlated with other variables in the model, the predictive power is not reliable and unstable and the meaning of multicollinearity actually lies in the presence or absence of correlation between independent variables [11-13]. One way to see the presence or absence of multicollinearity symptoms is to look at the Tolerance and Variance Inflating Factor (VIF) values. If the Tolerance

**Table 1.** Reliability test results.

| Variable               | Number of questions | Cronbach's alpha | Result description |
|------------------------|---------------------|------------------|--------------------|
| Study                  | 10                  | 0,929            | Baik               |
| Wages (X1)             | 10                  | 0,817            | Baik               |
| Service year allowance | 10                  | 0,896            | Baik               |

**Note:** Source: Research results 2020 (Data processed)

**Table 2.** Normality test results one-sample Kolmogorov-Smirnov test.

| One-Sample Kolmogorov-Smirnov test | Unstandardized residual |            |
|------------------------------------|-------------------------|------------|
| N                                  | 72                      |            |
| Normal parametersa, b              | Mean                    | 0E-7       |
|                                    | Std. Deviation          | 3.72554498 |
| Most extreme differences           | Absolute                | 0.213      |
|                                    | Positive                | 0.144      |
|                                    | Negative                | -213       |
| Kolmogorov-Smirnov Z               | 1.808                   |            |
| Asymp. Sig. (2-tailed)             | 0.300                   |            |

**Note:** a. Test distribution is Normal; b. Calculated from data; Source: SPSS version 20 output, data processed 2020.

value>0.1 and VIF<10, it can be indicated that there is multicollinearity and vice versa. The following are the results of the multicollinearity test that was tested using SPSS Version 20 software (Table 3).

From the table of multicollinearity test results above, it can be explained that the tolerance value is 0.986 >0.1 and the VIF value is 1.014<10, so it can be concluded that there is no multicollinearity problem between independent variables [14].

**Autocorrelation test:** Autocorrelation is a correlation between observation members arranged according to time or place. A good regression model should not have autocorrelation [15]. To see whether or not there is autocorrelation in the regression model, the author uses the Durbin-Watson test with the following criteria

Positive autocorrelation detection:

- a. If  $dw < dL$  then there is a positive autocorrelation.
- b. If  $dw > dU$  then there is no positive autocorrelation.
- c. If  $dL < dw < dU$  then the test is inconclusive or inconclusive.

Negative autocorrelation detection:

- a. If  $(4-dw) < dL$  then there is a negative autocorrelation.
- b. If  $(4-dw) > dU$  then there is no negative autocorrelation.
- c. If  $dL < (4-dw) < dU$  then the test is inconclusive or inconclusive. The following are the results of the autocorrelation test that were tested using SPSS Version 20 software (Table 4).

From the table of autocorrelation test results above, it can be seen that the Durbin-Watson value is 1.982 and the value is positive. To find out whether the regression model in this study has autocorrelation, it must be included in the test criteria as follows:

- 1.982<1.561 then there is a positive autocorrelation (False)
- 1.982>1.675 then there is no positive autocorrelation (True)
- 1.561<1.982<1.675 then the test is not convincing (False)

From the output above, the DW value generated from the regression model is 1.982. Meanwhile, from the DW table with a significance of 0.05 and

the number (n) =72, and k=2 (k is the number of independent variables), the dL value is 1.561 and dU is 1.675 (see attachment). Because the value of DW (1.982) is greater than dU, there is no problem of positive autocorrelation [16-19].

**Heteroscedasticity test:** Heteroscedasticity is the residual variance that is not the same in all observations in the regression model. A good regression should not occur heteroscedasticity. The heteroscedasticity test in this study was tested using the graph method. The reason is because it is more practical, where when we do the heteroscedasticity test, the heteroscedasticity test results can automatically be seen immediately [20]. The following are the results of the heteroscedasticity test using the graphical method. From the output above, it can be seen that the points do not form a clear pattern and the points spread above and below the number 0 on the Y axis. So it can be concluded that there is no heteroscedasticity problem in the regression model.

**Linear regression:**

Multiple linear regression analysis:

The results of multiple linear regression analysis can be seen in the Table 5 below:

The multiple linear regression equation is obtained as follows:

$$Y = 8.358 + 0.059X_1 + 0.747 X_2$$

- i. The constant of 8.358 means that if the wage (X1) and service period allowance (X2) is 0, then the performance (Y) is 8.358.
- ii. The regression coefficient of the wage variable (X1) is 0.059, meaning that if the other independent variables are fixed and wages have increased by 1%, then the performance will increase by 0.059. The coefficient is positive, meaning that there is a positive relationship between wages and performance, the higher the wage, the higher the performance.
- iii. The regression coefficient for the variable period of service (X2) is 0.747, meaning that if the other independent variables have a fixed value and the period of service allowance has increased by 1%, then the performance will increase by 0.747. The coefficient is positive, meaning that there is a positive relationship between tenure and performance.

**Table 3.** Multicollinearity test results coefficients.

| Model                | Unstandardized coefficients |            | Standardized coefficients | t     | Sig.  | Collinearity statistics |       |
|----------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
|                      | B                           | Std. error | Beta                      |       |       | Tolerance               | VIF   |
| (Constant)           | 8.358                       | 5.452      |                           | 1.533 | 0.13  |                         |       |
| Upah                 | 0.059                       | 0.084      | 0.064                     | 0.695 | 0.489 | 0.986                   | 1.014 |
| Tunjangan.Masa.Kerja | 0.747                       | 0.105      | 0.647                     | 7.085 | 0.000 | 0.986                   | 1.014 |

**Note:** a. Dependent Variable: Performance; Source: SPSS version 20 output, data processed 2020

**Table 4.** Autocorrelation test results model summary.

| Model | R                  | R square | Adjusted R square | Std. Error of the estimate | Durbin-Watson |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
| 1     | 0.658 <sup>a</sup> | 0.433    | 0.416             | 3.77915                    | 1.982         |

**Note:** a. Predictors: (Constant), allowance × time ×work ×wage; b. Dependent Variable: Performance; Source: SPSS version 20 output, data processed 2020

**Table 5.** Coefficients of multiple linear regression analysis.

| Model                | Unstandardized coefficients |            | Standardized coefficients | t     | Sig.  | Collinearity statistics |       |
|----------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
|                      | B                           | Std. error | Beta                      |       |       | Tolerance               | VIF   |
| (Constant)           | 8.358                       | 5.452      |                           | 1.533 | 0.130 |                         |       |
| Upah                 | 0.059                       | 0.084      | 0.064                     | 0.695 | 0.489 | 0.986                   | 1.014 |
| Tunjangan.Masa.Kerja | 0.747                       | 0.105      | 0.647                     | 7.085 | 0.000 | 0.986                   | 1.014 |

**Note:** a. Dependent Variable: Performance; Source: SPSS version 20 output, data processed 2020

Table 6. Coefficients of t-test.

| Model                | Unstandardized coefficients |            | Standardized coefficients | t     | Sig.  | Collinearity statistics |       |
|----------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
|                      | B                           | Std. error | Beta                      |       |       | Tolerance               | VIF   |
| (Constant)           | 8.358                       | 5.452      |                           | 1.533 | 0.13  |                         |       |
| Upah                 | 0.059                       | 0.084      | 0.064                     | 0.695 | 0.489 | 0.986                   | 1.014 |
| Tunjangan.Masa.Kerja | 0.747                       | 0.105      | 0.647                     | 7.085 | 0     | 0.986                   | 1.014 |

Note: a. Dependent Variable: Performance; Source: SPSS version 20 output, data processed 2020

Table 7. ANOVA.

| Model      | Sum of squares | df | Mean square | F      | Sig.               |
|------------|----------------|----|-------------|--------|--------------------|
| Regression | 751.195        | 2  | 375.598     | 26.299 | 0.000 <sup>b</sup> |
| Residual   | 985.458        | 69 | 14.282      |        |                    |
| Total      | 1736.653       | 71 |             |        |                    |

Note: a. Dependent Variable: Performance;

b. Predictors: (Constant), allowance × time × work × wage; Source: SPSS version 20 output, data processed 2020

Table 8. Model Summary.

| Model | R                  | R square | Adjusted R square | Std. Error of the estimate | Durbin-Watson |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
| 1     | 0.658 <sup>a</sup> | 0.433    | 0.416             | 3.77915                    | 1.982         |

Note: a. Predictors: (Constant), allowance × time × work × wage; b. Dependent Variable: Performance; Source: SPSS version 20 output, data processed 2020

### Partial hypothesis testing (t Test):

In the Coefficientsa Table 6, the t value is also obtained. The calculated t value is then compared with the t table value at=0.05. The value of t table in df (n-k) where n is the number of samples and k is the number of variables, both independent and dependent variables, then 72-3=69. At df 69 with=0.05 the value of t table is 1.994. The t-count value of the wage variable (X1) is 0.695, thus t-count < t table (0.695 < 1.994) can be concluded that wages have no significant effect on performance [21]. The value of t count variable for long service allowance (X2) is 7.085, thus t count > t table (7.085 > 1.994) it can be concluded that the long service allowance has a significant effect on performance.

### Simultaneous hypothesis testing (F Test):

ANOVA or analysis of variance is a joint regression coefficient test (F test) to test the significance of the effect of several independent variables on the dependent variable. The results of the F test can be seen in the following Table 7:

In the Anovab table, the calculated F value is 26,299 while the F table value is 3.13. Thus, F count > F table (26,299 > 3.13), meaning that the variable wages and years of service together have a significant effect on performance [22].

### Coefficient of determination test (R2):

The coefficient of determination (R2) of the regression results can be seen in the Table 8 as follows:

The value of the coefficient of determination (R2) from the regression result is 0.433, meaning that the variable wages and benefits for years of service contribute to the effect of 43.3% on employee performance. This result is the result of (R2 × 100%), while the remaining 56.7% is influenced by other variables not examined in this study.

## Conclusion

From the conclusions above, the authors suggest seeing the low percentage of the influence of the variable wages and benefits on employee performance, the company and employees must work together to support the professionalism of employees so that the goal of increasing professionalism can be achieved. It is hoped that there will be in-depth research. In the future, other researchers

have conducted research regarding the variable of wages and long service benefits on performance.

## Conflict of Interest

Authors declare no conflict of interest.

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