



## THE INFLUENCE OF COMPENSATION AND JOB PROMOTION ON EMPLOYEE PERFORMANCE AT PT KARTIKA CIPTA INDONESIA

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### ABSTRACT

*This study aims to determine the effect of compensation and job promotions on employee performance at PT Kartika Cipta Indonesia. The underlying problem is the importance of effective human resource management through fair compensation and a transparent, merit-based promotion system to improve employee performance. The method used in this study was quantitative. Data were collected through questionnaires distributed to 50 respondents, who were permanent employees of the company. Data analysis techniques included simple and multiple linear regression analysis, t-tests, F-tests, and coefficients of determination using SPSS.*

*The results showed that compensation had a partial positive and significant effect on employee performance, with a calculated t-value of  $9.073 > t\text{-table } 2.012$  and a significance level of 0.000. Similarly, job promotions also had a positive and significant effect on performance, with a calculated t-value of  $10.492 > t\text{-table } 2.012$  and a significance level of 0.000. Simultaneously, compensation and job promotions significantly influence employee performance, as indicated by the calculated F-value of  $69.673 > F\text{-table } 3.20$ , with a significance level of 0.000. The R-square value of 0.748 indicates that 74.8% of the variation in employee performance can be explained by compensation and job promotions.*

*Based on these results, it can be concluded that improving the quality of compensation and a sound promotion system will drive improved employee performance. Therefore, company management is advised to implement fair, objective, and merit-based compensation and promotion policies as a strategy to increase work productivity.*

**Keywords:** *Compensation, Job Promotion, Employee Performance*

## I. INTRODUCTION

### A. Research Background

The development of the business world in the era of globalization and digitalization demands that companies have adaptive organizational structures and competent, high-performing human resources. In this context, employee performance, particularly at the managerial level, is a crucial factor in determining an organization's success. Managerial employees have strategic responsibility for formulating policies, overseeing operations, and ensuring the achievement of organizational goals. Furthermore, they serve as role models in shaping work culture and building team motivation.

PT Kartika Cipta Indonesia is an outsourcing company that provides labor for various industrial sectors. To carry out its operations, PT Kartika Cipta Indonesia's head office serves as the center for decision-making, strategic planning, and the management of client and employee relationships across various regions. Therefore, the effectiveness and performance of the management unit at the head office plays a crucial role in maintaining service quality and business continuity.

However, based on internal company data over the past two years, a decline in the effectiveness of the management unit at the head office has been identified. This is indicated by a reduction in strategic initiatives, an increase in the volume of work not being handled on time, and a decline in collaboration between divisions. The second-half performance report for 2024 showed that 37% of strategic work plans were not implemented, and there were delays in the decision-making process, directly impacting branch operations and client relationships.

One factor highlighted in the employee engagement survey was dissatisfaction with the compensation and promotion system. Sixty-one percent of managerial employees stated that the existing compensation system did not reflect their workload and responsibilities. The salary and benefits structure was considered stagnant, not based on individual or team performance, and did not provide adequate incentives for outstanding contributions. Furthermore, 52% of respondents stated that the company's promotion system was not transparent and not based on merit, but rather influenced by seniority and personal ties.

This situation created a perception of unfairness in the workplace, decreased motivation, triggered interpersonal conflict, and led to the phenomenon of "quiet quitting," where employees continued working but lacked enthusiasm, initiative, or commitment to their assigned tasks. This phenomenon was highly detrimental to the company, especially in the long term, as it could impact productivity and service quality.

Theoretically, compensation and job promotions are part of a human resource management system that serves to increase employee job satisfaction, loyalty, and motivation. Good compensation includes fair and non-financial rewards commensurate with employee contributions, while job promotions represent recognition of an individual's capabilities and work achievements, which should be based on a merit system.

Several previous studies have shown a positive relationship between compensation and job promotions and employee performance. Lestari & Deviastri, (2025) found that performance-based compensation increases job satisfaction and productivity. Meanwhile, Suseno & Sutrisno (2020) revealed that promotions conducted objectively and fairly increase employee motivation and loyalty. However, most of this research has been conducted in service companies, government agencies, or at the non-managerial staff level. Consequently, there are few studies specifically examining the influence of these two factors in the managerial context of outsourcing companies.

Thus, there are relevant research gaps that require further study:

1. There is still limited research that simultaneously analyzes the effect of compensation and job promotions on employee performance in the head office management environment of outsourcing companies.
2. There is a lack of empirical research conducted in an organizational context like PT Kartika Cipta Indonesia, using primary data and a field approach.
3. There are few studies examining how perceptions of fairness and transparency in human resource management systems influence the motivation and work engagement of managerial employees.

#### **B. Research Formulation**

1. Does compensation significantly influence employee performance at PT Kartika Cipta Indonesia?
2. Does job promotion significantly influence employee performance at PT Kartika Cipta Indonesia?
3. Do compensation and job promotion simultaneously influence employee performance at PT Kartika Cipta Indonesia?

#### **C. Research Objectives**

1. To determine the influence of compensation on employee performance at PT Kartika Cipta Indonesia.
2. To determine the influence of job promotion on employee performance at PT Kartika Cipta Indonesia.
3. To determine the influence of compensation and job promotion on employee performance at PT Kartika Cipta Indonesia.

## **II. LITERATURE REVIEW**

### **A. Employee Performance**

Priyotomo (2024) explains performance as the results of the work function/ activities of a person or group in an organization that is influenced by various factors to achieve organizational goals within a certain period of time. Performance refers to the level of influenceiveness or results achieved in performing an action, job, or activity. In general, performance reflects the extent to which a person or entity (such as an organization, team, or system) has successfully achieved certain predetermined goals or standards (Kawiswara, 2024).

According to (Ramdhan 2022) employee work performance means achievement or contribution given by employees in carrying out their duties and responsibilities and functions as company employees. Work performance can be achieved by relying on intellectual, emotional, and spiritual abilities and self-defense in dealing with situations in all aspects of life. Performance is seen from a person's activities in carrying out work. This activity describes how a person strives to achieve the goals that have been set and is also the result of an evaluation of the work done compared to the criteria that have been jointly determined (Ridwan, 2018.).

Based on the opinions of the experts above, it can be concluded that performance is the result of the activities or work functions of individuals or groups within an organization that are influenced by various factors to achieve certain goals within a certain period of time. Performance reflects the level of effectiveness in carrying out tasks, as well as the extent to which an individual or organization succeeds in achieving predetermined targets. Employee

performance can be seen from the achievements, contributions, and efforts in carrying out their duties and responsibilities, which involve intellectual, emotional, spiritual abilities, as well as self-resilience in facing various situations. Evaluation of performance is carried out by comparing work results with predetermined standards or criteria.

## **B. Compensation**

Compensation is all forms of financial return, tangible services and benefits received by employees as part of the employment relationship (Djati, 2023). According to Nurdianta (2024), the company's objectives in providing compensation include: attracting high-quality employees, ensuring high-performing employees remain in the company, maintaining employee morale, and complying with the law.

Ramadhan & Pasaribu (2022) mentions several criteria that can show the success of a company's compensation system, namely: 1) the company manages to retain qualified employees, 2) targets and goals set by the company can be achieved earlier, 3) compliance with existing regulations and laws in the region, 4) increased employee morale and discipline. Compensation refers to all forms of reimbursement or rewards given to employees in return for the work or services they do for the organization or company (Kawiswara, 2024). Compensation is an important factor in attracting, motivating, and retaining qualified employees in the organization.

Compensation encompasses all forms of financial rewards, tangible services, and benefits received by employees as part of the employment relationship. The primary purpose of compensation provided by a company is to attract and retain qualified employees, maintain morale, and ensure compliance with applicable regulations. The success of a compensation system can be seen in the company's ability to retain superior employees, accelerate target achievement, improve morale and discipline, and ensure legal compliance. Compensation plays a crucial role in increasing employee motivation and loyalty to the organization.

## **C. Job Promotion**

Promotions are crucial for companies, as they guarantee company stability and employee morale (Damayanti, 2024). Promotions always come with higher duties and responsibilities than those held in previous positions. Promotions are generally accompanied by increased income and other benefits. However, promotions themselves have value as they serve as recognition for, among other things, achievements. According to Haryadi et al., (2022) job promotion is one of several types of career development, getting a job promotion is a dream or goal of employees because if an employee gets a promotion it means he gets compensation given by the agency or company for the performance he has done.

Based on the explanation above, it can be concluded that job promotions are a crucial aspect of a company because they play a role in maintaining company stability and boosting employee morale. Promotions not only involve increased responsibilities and duties but are also often accompanied by increased income and other benefits. Furthermore, promotions are a form of recognition for performance achievements. As part of career development,

promotions are a coveted goal for employees because they reflect recognition and compensation for contributions made to the organization.

### III. RESEARCH METHODOLOGY

#### A. Research Types

This research uses a quantitative approach, a scientific approach aimed at testing previously formulated hypotheses, using numerical data analyzed using statistical methods. This type of research is explanatory associative research, which aims to determine and explain the causal relationship or influence between two or more variables. The research focuses more on accuracy, and the purpose of using a quantitative approach is to explain existing facts (Ramdhan, 2021).

#### B. Population and Sample

The population in this study is all permanent employees who work at the head office management unit of PT Kartika Cipta Indonesia, which has an organizational structure and is directly involved in the managerial and operational decision-making process, amounting to 50 people. Because the population consists of 50 employees, all 50 people are used as samples.

#### C. Location and Subject

This research was conducted at PT Kartika Cipta Indonesia, Jl. Raya Casablanca No. 22, RT. 12/RW. 4, Menteng Dalam, Tebet District, South Jakarta City, Special Capital Region of Jakarta 12870.

This location was selected based on the consideration that the head office management unit is the center of the company's strategic decision-making, including compensation and promotion policies, which directly impact employee performance. Furthermore, this location also has a clear organizational structure and a sufficient number of employees to serve as the research population.

### IV. RESEARCH RESULT

#### A. The Influence of Compensation on Employee Performance

**Table 1**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 <sup>a</sup>	.632	.624	1.873

a. Predictors: (Constant), KOMPENSASI

b. Dependent Variable: KINERJA

The correlation coefficient (R) value is 0.795. This value indicates the level of relationship between the Compensation variable (X1) and the Performance variable (Y). The correlation coefficient value ranges from 0 to 1. The closer it is to 1, the stronger the relationship between the variables. According to general interpretation criteria, an R value of 0.795 falls into the strong correlation category because it falls within the range of 0.70–0.90. This means there is a strong relationship between Compensation and Employee Performance at PT Kartika Cipta Indonesia. In other words, the better the compensation provided, the more likely employee performance is to improve.

The R-square value is 0.632. This means that 63.2% of the variation or change in employee performance can be explained by the compensation variable. The remaining 36.8% is influenced by factors other than the

compensation variable that were not examined in this model.

**Table 2**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.711	3.912		1.716	.093
KOMPENSASI	.836	.092	.795	9.073	.000

a. Dependent Variable: KINERJA

The calculated t-value for the compensation variable is 9.073, while the t-table value is 2.012. Therefore, it can be concluded that the compensation variable significantly influences the performance of PT Kartika Cipta Indonesia employees. This means that changes in compensation will have a significant impact on employee performance levels. The better the compensation provided, the more significant the employee performance will be.

## **B. The Influence of Job Promotion on Employee Performance**

**Table 3**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834 <sup>a</sup>	.696	.690	1.701

a. Predictors: (Constant), PROMOSI\_JABATAN

b. Dependent Variable: KINERJA

Based on Table 3, the correlation coefficient (R) is 0.834. This value indicates the level of relationship between the Job Promotion variable (X2) and the Performance variable (Y).

The correlation coefficient ranges from 0 to 1. The closer it is to 1, the stronger the relationship between the variables. Generally, an R value of 0.834 falls into the very strong relationship category, as it falls within the range of 0.80–1.00.

This means there is a very strong relationship between Job Promotion and Employee Performance at PT Kartika Cipta Indonesia. The R-squared value is 0.696. This means that 69.6% of the variation in Employee Performance can be explained by the Job Promotion variable, while 30.4% is explained by factors other than job promotion.

**Table 4**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734 <sup>a</sup>	.539	.534	1.994

a. Predictors: (Constant), KOMPETENSI

b. Dependent Variable: KINERJA

The R value in the table is 0.734, indicating a strong relationship between the Competence and Performance variables. R values range from 0 to 1, with the closer to 1 the stronger the relationship. A value of 0.734 is considered a strong relationship, as it falls within the range of 0.70–0.90. This means that the better the competency, the better the employee's performance, and the relationship between the two is quite strong.

Based on table 4, the R-square value of 0.539 indicates that 53.9% of the variation in employee performance can be explained by the Competence variable, while the remaining 46.1% is influenced by factors other than competency not examined in this model. This indicates that competency has a significant influence on employee performance.

**Table 5**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.552	3.589		1.268	.211
PROMOSI_JABATAN	.894	.085	.834	10.492	.000

a. Dependent Variable: KINERJA

The calculated t-value for the job promotion variable is 10.492, while the t-table value is 2.012 (with a significance level of 0.05 and certain degrees of freedom). Therefore, it can be concluded that the job promotion variable significantly influences the performance of PT Kartika Cipta Indonesia employees. This means that changes in the implementation of job promotions will have a significant impact on employee performance levels. The better the job promotion system implemented, the more likely employee performance will improve.

### C. The Influence of Compensation and Job Promotion on Employee Performance

**Table 6**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865 <sup>a</sup>	.748	.737	1.567

a. Predictors: (Constant), PROMOSI\_JABATAN, KOMPENSASI

b. Dependent Variable: KINERJA

Based on Table 6, the correlation coefficient (R) is 0.865. This value indicates the simultaneous relationship between the Compensation (X1) and Job Promotion (X2) variables and the Performance (Y) variable.

The R value ranges from 0 to 1, with the closer it is to 1, the stronger the relationship between the variables. With an R value of 0.865, the relationship between the two independent variables (Compensation and Job Promotion) and the dependent variable (Performance) is categorized as very strong (since it falls within the range of 0.80–1.00).

This means that Compensation and Job Promotion collectively have a very strong relationship with Employee Performance at PT Kartika Cipta Indonesia. The better the compensation and job promotion policies implemented, the more likely employee performance is to improve significantly.

The R Square value is 0.748. This indicates that, together, the Compensation and Job Promotion variables can explain 74.8% of the variation in Employee Performance. Meanwhile, the remaining 25.2% is explained by other factors outside these two variables.

**Table 7****ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	341.945	2	170.972	69.673	.000 <sup>b</sup>
	Residual	115.335	47	2.454		
	Total	457.280	49			

a. Dependent Variable: KINERJA

b. Predictors: (Constant), PROMOSI\_JABATAN, KOMPENSASI

Based on the table, it is known that  $f_{table} > f_{count}$ , namely  $69.673 > 3.20$ , with a significance level of  $0.000 < 0.05$ . Therefore, it can be concluded that compensation and job promotion simultaneously have a significant effect on employee performance at PT Kartika Cipta Indonesia. This means that these two independent variables together can explain variations in employee performance, and the regression model used is suitable for use in the analysis..

## **D. Research Results Discussion**

### **1. The Influence of Compensation on Employee Performance**

Based on the statistical test results presented in Table X1 against Y, a regression coefficient of 0.836 was obtained with a significance level of 0.000 (less than 0.05), and a calculated t-value of 9.073, significantly greater than the t-table value of 2.012. This indicates that compensation has a significant and positive influence on employee performance at PT Kartika Cipta Indonesia. This means that any increase in employee compensation will be followed by an increase in their performance. Therefore, company management needs to pay attention to the compensation system to stimulate employee enthusiasm and productivity.

Furthermore, the coefficient of determination (R Square) of 0.632 indicates that 63.2% of the variation in employee performance can be explained by compensation, while the remaining 36.8% is explained by other variables outside the model. The correlation (R) value of 0.795 also indicates a strong relationship between compensation and performance. This means that the better the compensation system implemented, including base salary, allowances, incentives, and bonuses, the higher the employee's performance will be.

### **2. The Influence of Job Promotion on Employee Performance**

Job promotions are a form of organizational recognition for employee performance, dedication, and competence, which can influence motivation and work productivity. In this study, the results of a simple linear regression test indicate that job promotions have a positive and significant impact on employee performance. This is evident from the regression coefficient of 0.894 with a significance value of 0.000, which is less than the 0.05 level of significance. Furthermore, the calculated t-value of 10.492 is significantly greater than the t-table of 2.012, thus statistically concluding that job promotions have a significant effect on employee performance.

Strong support for this conclusion is also demonstrated by the R-squared value of 0.696, indicating that 69.6% of the variation in employee performance can be explained by job promotions, while the remaining



30.4% is influenced by factors outside the model. The R-value of 0.834 indicates that the relationship between job promotions and performance is categorized as very strong. In other words, the higher the opportunities and implementation of fair and appropriate job promotions in the organization, the higher the level of performance displayed by employees.

### **3. The Influence of Compensation and Job Promotion on Employee Performance**

Compensation and job promotion are two important factors in human resource management that directly influence employee performance. In the context of PT Kartika Cipta Indonesia, the results of a multiple linear regression test indicate that both variables simultaneously have a significant and positive influence on employee performance. This is demonstrated by the calculated F-value of 69.673, which is significantly greater than the F-table value of 3.20, and a significance value of  $0.000 < 0.05$ , as stated in the ANOVA table. Thus, it can be concluded that compensation and job promotion together contribute significantly to explaining variations in employee performance.

The model summary table yields an R-square value of 0.748, indicating that 74.8% of the change or variation in employee performance can be explained by the compensation and job promotion variables together. The remaining 25.2% is influenced by factors outside the model. Meanwhile, the R-correlation value of 0.865 indicates a very strong relationship between the independent variables (compensation and job promotion) and the dependent variable (performance). This shows that the higher the quality of compensation and job promotions applied in the organization, the higher the level of performance demonstrated by employees.

## **V. CLOSURE**

### **A. Conclusion**

Based on the research results, it can be concluded that:

1. Compensation has a positive and significant effect on employee performance. The results of a simple linear regression analysis indicate that the compensation variable has a coefficient of 0.836 and a significance level of 0.000 (less than 0.05), with a calculated t-value of  $9.073 > t$ -table value of 2.012. This indicates that the higher the compensation received by employees, the higher their performance. The R-square value of 0.632 indicates that 63.2% of the variation in performance can be explained by compensation.
2. Job promotions also have a positive and significant effect on employee performance. The results of a simple linear regression for the job promotion variable show a coefficient of 0.894, with a significance level of 0.000 and a calculated t-value of  $10.492 > t$ -table value of 2.012. The R-square value of 0.696 indicates that job promotions explain 69.6% of the variation in performance. This means that a fair, clear, and merit-based promotion system can increase employee motivation and productivity.
3. Simultaneously, compensation and job promotions significantly influence employee performance. The results of the multiple linear regression analysis

show a calculated F-value of 69.673, which is greater than the F-table value of 3.20 with a significance value of 0.000, indicating that both independent variables together have a very significant influence on performance. The R-square value of 0.748 indicates that 74.8% of the variation in employee performance can be explained by the combination of compensation and job promotions.

## B. Suggestion

1. For Company Management
  - a. Regular evaluation of the compensation system is necessary to ensure it remains competitive and fair compared to industry standards.
  - b. Promotions should be based on competency, work performance, and length of service, not solely on personal relationships or seniority.
  - c. Increase transparency in the promotion process and communicate it clearly to all employees to build trust in the company's career system.

2. For Employees

Employees are expected to continuously improve their competencies, demonstrate dedication to their work, and take advantage of self-development opportunities provided by the company, thus deserving of promotions and higher compensation.

3. For Future Researchers

This study only examined two independent variables. Future research is recommended to add other variables such as work motivation, job satisfaction, or leadership to provide a more comprehensive picture of the factors influencing employee performance. Further research can also use a qualitative approach to explore employees' in-depth perceptions of compensation and promotion policies.

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