

Analysis Of Factors That Affect Employee Performance

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ABSTRACT

This study aims to determine what factors affect the performance of employees (private companies in the city of Medan). The population in this study were all employees in the city of Medan. The research method used is descriptive quantitative using factor analysis techniques. Where the results of the study stated that there are four dominant factors that influence employee performance decisions, namely employee development, compensation, motivation, and work environment.

Keywords: employee development, compensation, motivation, work environment, reward system, cost of living

1. BACKGROUND

In 2015 AFTA (Asean Free Trade Area) was enacted simultaneously and free trade was carried out throughout the ASEAN region. This is a challenge for employees and companies in Indonesia. Human resources are the most important asset for the company, because all the goals to be achieved by the company must be done by humans.

Employee performance will not be optimal if only controlling the production machine without regard to human aspects. It must be remembered that in a company organization, the human aspect that is capable, skilled, and responsible as an employee is a corporate asset for the survival of the company. Humans as workers are expected to be able to achieve optimal levels of work productivity with certain standards (As'ad, 1997).

Employee performance is the main determining factor for the company in achieving its goals. Performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with their respective authorities and responsibilities in order to achieve the goals of the organization concerned legally, not violating the law in accordance with morals or ethics (Sedramayanti, 2011).

There are many factors that can affect performance, both from within employees themselves and from outside. According to Tiffin and Cormick in Sutrisno (2011) states that the factors that influence employee performance are as follows: 1) Factors that exist in individuals, namely age, temperament, individual physical state, fatigue, and motivation; 2) Factors that exist outside the individual, namely the condition of the workspace, working time, rest periods, wages, organizational forms, social environment and family.

Research conducted by Setyawan (2018) states that the main factors that significantly influence employee performance are the employee reward system, employee satisfaction, employee behavior, and leadership style. In this study factors that influence employee performance are employee development, compensation, motivation, work environment, reward system, and living costs.

2. METHOD OF RESEARCH

This research was conducted using descriptive and quantitative research methods, namely by providing explanations or explanations about theories relating to the title of research with quantitative methods, which are systematic of the parts and phenomena as well as their relationships and test the truth of the data obtained by the Factor Analysis aims to find out which factors are dominant that affect employee performance.

The population in this study were all employees in the city of Medan. By determining Non-probability sampling to determine the sample the author uses accidental sampling technique, namely determining the sample based on chance. Where, questionnaires are distributed via Google forms.

Data collection techniques used in this study were questionnaires and documentation studies. The method of data collection is done through books and previous research relating to the research to be conducted and becomes a supporting reference material for researchers.

While the data analysis technique used in Principal Component Analysis statistical tests is the method used to extract the original variables. This method was chosen because it has the main objective to determine the minimum number of variables extracted (as little as possible) but absorbs most of the information contained in all original variables.

3. DATA ANALYSIS AND DISCUSSION

3.1 Validity test

The results of testing the validity of the questionnaire statements can be seen in the following table :

Table 1. Test Results for Motivation Questionnaire Validity Statement

Statement	Correlation Value	Probability	Explanation
Statement 1	0,561	0,000 < 0,05	Valid
Statement 2	0,739	0,000 < 0,05	Valid
Statement 3	0,674	0,000 < 0,05	Valid
Statement 4	0,539	0,000 < 0,05	Valid
Statement 5	0,750	0,000 < 0,05	Valid
Statement 6	0,590	0,000 < 0,05	Valid
Statement 7	0,681	0,000 < 0,05	Valid
Statement 8	0,538	0,000 < 0,05	Valid
Statement 9	0,624	0,000 < 0,05	Valid
Statement 10	0,490	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

Table 2. Validity Test Result for Cost of Living Statement Questionnaire

Statement	Correlation Value	Probability	Explanation
Statement 1	0,279	0,017 < 0,05	Valid
Statement 2	0,595	0,000 < 0,05	Valid
Statement 3	0,579	0,000 < 0,05	Valid
Statement 4	0,572	0,000 < 0,05	Valid
Statement 5	0,407	0,000 < 0,05	Valid
Statement 6	0,418	0,000 < 0,05	Valid
Statement 7	0,556	0,000 < 0,05	Valid
Statement 8	0,617	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

Table 3. Validity Test Results for Work Environment Statement Questionnaire

Statement	Correlation Value	Probability	Explanation
Statement 1	0,845	0,000 < 0,05	Valid
Statement 2	0,654	0,000 < 0,05	Valid
Statement 3	0,498	0,000 < 0,05	Valid
Statement 4	0,515	0,000 < 0,05	Valid
Statement 5	0,811	0,000 < 0,05	Valid
Statement 6	0,799	0,000 < 0,05	Valid
Statement 7	0,778	0,000 < 0,05	Valid
Statement 8	0,758	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

Table 4. Validity Test Results for Compensation Statement Questionnaire

Statement	Correlation Value	Probability	Explanation
Statement 1	0,479	0,000 < 0,05	Valid
Statement 2	0,421	0,000 < 0,05	Valid
Statement 3	0,682	0,000 < 0,05	Valid
Statement 4	0,523	0,000 < 0,05	Valid
Statement 5	0,711	0,000 < 0,05	Valid
Statement 6	0,720	0,000 < 0,05	Valid
Statement 7	0,586	0,000 < 0,05	Valid
Statement 8	0,588	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

Table 5. Validity Test Results for Reward System Statement Questionnaire

Statement	Correlation Value	Probability	Explanation
Statement 1	0,672	0,000 < 0,05	Valid
Statement 2	0,768	0,000 < 0,05	Valid
Statement 3	0,690	0,000 < 0,05	Valid
Statement 4	0,682	0,000 < 0,05	Valid
Statement 5	0,676	0,000 < 0,05	Valid
Statement 6	0,633	0,000 < 0,05	Valid
Statement 7	0,745	0,000 < 0,05	Valid
Statement 8	0,611	0,000 < 0,05	Valid
Statement 9	0,424	0,000 < 0,05	Valid
Statement 10	0,407	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

Table 6. Validity Test Results for Employee Development Statement Questionnaire

Statement	Correlation Value	Probability	Explanation
Statement 1	0,434	0,000 < 0,05	Valid
Statement 2	0,527	0,000 < 0,05	Valid
Statement 3	0,411	0,000 < 0,05	Valid
Statement 4	0,401	0,000 < 0,05	Valid
Statement 5	0,330	0,000 < 0,05	Valid
Statement 6	0,320	0,000 < 0,05	Valid
Statement 7	0,517	0,000 < 0,05	Valid
Statement 8	0,621	0,185 < 0,05	Valid
Statement 9	0,608	0,000 < 0,05	Valid
Statement 10	0,496	0,000 < 0,05	Valid

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that all statements in the questionnaire are valid, this can be seen from the significant value < 0.05.

3.2 Reliability Test Results

The results of the reliability test can be seen in the table below:

Table 7. Test Results for the Reliability of Motivation Questionnaire Statements

Reliability Statistics

Cronbach's Alpha	N of Items
,824	10

Source: SPSS Data Processing Results (2019)

Table 8. Test Result for the Reliability of Cost of Living Questionnaire Statements

Reliability Statistics

Cronbach's Alpha	N of Items
,592	8

Source: SPSS Data Processing Results (2019)

Table 9. Test Results for the Reliability of Work Environment Questionnaire Statements

Reliability Statistics

Cronbach's Alpha	N of Items
,841	8

Source: SPSS Data Processing Results (2019)

Table 10. Test Results for the Reliability of Compensation Questionnaire Statements
Reliability Statistics

Cronbach's Alpha	N of Items
,752	8

Source: SPSS Data Processing Results (2019)

Table 11. Test Results for the Reliability of Reward System Questionnaire Statements
Reliability Statistics

Cronbach's Alpha	N of Items
,834	10

Source: SPSS Data Processing Results (2019)

Table 12. Test Results for the Reliability of Employee Development Questionnaire Statements
Reliability Statistics

Cronbach's Alpha	N of Items
,838	10

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that the statements for the questionnaire in this study are reliable because all three have values above 0.6.

3.3 Factor Analysis

Factor analysis is a technique used to reduce and summarize data. Each variable is expressed as a linear combination of the underlying factors. Principal Component Analysis is a method used to extract native variables. This method was chosen because it has the main objective to determine the minimum number of variables extracted (as little as possible) but absorbs most of the information contained in all original variables.

Table 13. Factor Analysis Results
Communalities

	Initial	Extraction
Motivation	1,000	,702
cost of living	1,000	,892
work environment	1,000	,696
compensation	1,000	,698
reward system	1,000	,862
Employee Development	1,000	,679

Extraction Method: Principal Component Analysis.

Source: Data Processing Results (2019)

The table above shows how large a variable can explain the following factors:

1. Variable X1 value is 0,702, meaning that variable X1 (motivation) can explain a factor of 70,2%.
2. Variable X2 is 0,892, meaning that variable X2 (cost of living) can explain the factor of 89,2%.
3. Variable X3 is 0,696, meaning that variable X3 (work environment) can be a factor of 69,6%.
4. Variable X4 is 0,698, meaning that variable X4 (compensation) can explain the factor of 69,8%.
5. Variable X5 has a value of 0,862, meaning that the variable X5 (reward system) can explain a factor of 86,2%.

6. Variable X6 has a value of 0.679, meaning that the variable X6 (employee development) can explain a factor of 67,9%.

From the results of the above processing it can be concluded that all factors can explain the factors of online purchasing decisions. This is indicated by the extraction value of each variable above 50%.

3.4 Formable Factors

To determine how many factors might be formed. Can be seen in the following table:

**Table 14. Results of Explanation of Variants
Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1,254	20,898	20,898	1,254	20,898	20,898
2	1,193	19,890	40,788	1,193	19,890	40,788
3	1,064	17,728	58,516	1,064	17,728	58,516
4	1,017	16,954	75,470	1,017	16,954	75,470
5	,769	12,824	88,293			
6	,702	11,707	100,000			

Extraction Method: Principal Component Analysis.

Source: Data Processing Results (2019)

Based on the table above, variance can be explained by 4 (four) factors as follows:

1. $1,254/6 \times 100\% = 20,90\%$. So the total Factor 1 (one) will explain the variable of 20,09%, because the eigenvalues value is set to 1, then the total value taken is > 1 which is component 1. The value of the first total variable becomes the first factor is motivation. Because the total value of Initial eigenvalues is $1,254 > 1$.
2. $1,193/6 \times 100\% = 19,88\%$. So the total Factor 2 (two) will explain the variable of 26.37%, because the value of eigenvalues is set to 1, then the total value taken is > 1 , which is component 1. The value of the second total variable becomes the second factor is cost living. Because the total value of Initial eigenvalues is $11,193 > 1$.
3. $1,064 / 6 \times 100\% = 17,73\%$. So the total Factor 3 (three) will explain the variable of 17,73%, because the value of eigenvalues is set to 1, then the total value taken is > 1 which is component 1. The value of the total of the third variable becomes the third factor is work environment. Because the total value of Initial eigenvalues is $1,064 > 1$.
4. $1,017/6 \times 100\% = 16,95$. So the total Factor 4 (four) will explain the variable of 16,95%, because the value of eigenvalues is set to 1, then the total value taken is > 1 which is component 1. The value of the total of the fourth variable becomes the third factor is compensation. Because the total value of Initial eigenvalues is $1,0174 > 1$.

Based on these explanations, the factors formed are 4 (four) factors, namely motivation, cost of living, work environment, and compensation.

5. Discussion

Based on the results of the study it can be seen that the factors that influence Based on the results of the study it can be seen that the factors that influence employee performance are motivation, living costs, work environment, and compensation. This is indicated by the total value of eigenvalue, each variable > 1 . Motivation is the granting of a power that creates a person's excitement so that they want to work together, work effectively, and are integrated with all their efforts to achieve satisfaction (Hasibuan, 2000). Research conducted by Astuti and Oki (2018) states that motivation influences stock prices. This is also consistent with the theory of Kasmir (2015) that employee performance is influenced by work motivation.

Furthermore, the cost of living, the cost of living is the cost of maintaining certain living standards. High living costs will complicate the life of someone who forces someone to work harder. This concludes that high living costs can affect employee performance.

Third, the factors that influence employee performance are the work environment. The better the work environment of employees, the performance will also increase, this is because a good work environment will increase employee morale. ERG (Existence, Relatednes, Growth) theory states that one of the three basic human needs is interpersonal needs, namely

satisfaction in interacting in the work environment (Mangkunegara. 2001). This study is in line with research conducted by Astuti and Iverizkinawati (2018) stating that the work environment influences employee job satisfaction.

The last factor affecting employee performance is compensation. According to Hasibuan (2002) compensation policies, both the magnitude, composition, and timing of payments can encourage employee enthusiasm and the desire of employees to achieve optimal performance so as to help realize company goals. This research is in line with research conducted by Suprihati (2014) and Lesmana (2018) which states that incentives affect employee performance.

From the results of previous studies and studies, it can be concluded that the factors that influence employee performance are motivation, cost of living, work environment, and compensation.

6. Conclusion

From the results of the discussion above, it can be concluded that of the six factors that influence the performance of the employees studied, namely motivation, living costs, work environment, compensation, reward systems, and employee development. There are 4 (four) factors that affect employee performance, namely motivation, living costs, work environment, and compensation.

There are so many factors that can affect the performance of employees outside of this research such as assessment, leadership, training and so on, therefore, it is hoped that further researchers can conduct research on these factors.

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