


## The Influence of Compensation and Career Development on Employee Performance at PT. Pho 24 Indonesia, South Jakarta

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Article Info	ABSTRACT
<p><b>Keywords:</b> Compensation, Career Development, Employee Performance, Human Resources</p>	<p>This This study investigates the influence of compensation and career development on employee performance at PT. Pho 24 Indonesia, South Jakarta. Utilizing a quantitative approach with a saturated sampling technique, data were collected from all 90 employees through structured questionnaires. The results indicate that both compensation and career development have a significant and positive effect on employee performance, both partially and simultaneously. Regression analysis shows that fair compensation and clear career development pathways contribute to increased motivation, job satisfaction, and employee engagement. Furthermore, the findings highlight that inadequate compensation and limited promotion opportunities have negatively impacted performance levels over time. Classical assumption tests confirm that the regression model meets the requirements of normality, multicollinearity, and heteroscedasticity. The study emphasizes the need for strategic human resource practices to enhance employee output. It is recommended that the company periodically reviews its compensation schemes and implements structured career development programs to support organizational success.</p>
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### INTRODUCTION

In achieving organizational goals, Human Resources (HR) play a critical role that must be continuously developed. This is necessary to meet the demands of a dynamic era that requires highly qualified individuals. As time progresses and the competitive landscape evolves, the demand for competent human resources capable of fulfilling job requirements increases. Without this vital factor, organizational objectives are likely to be hindered. This is primarily because human capital, now referred to as Human Capital, represents the most valuable asset of an organization and is essential to its success.

The role of human resources becomes even more significant in the context of global competition, where organizations face increasing competitive pressure. One strategic response to this challenge is the empowerment and optimal utilization of existing human capital. Consequently, organizations must enhance their focus on improving employee

quality, whether through knowledge, skills, career opportunities, or welfare, as this directly contributes to employee performance and the attainment of organizational goals.

Among the many factors influencing employee performance, compensation and career development are considered particularly important. Given the vital role of human resource management in supporting organizational success, companies and leaders are expected to pay greater attention to these aspects to improve workforce performance. Employee performance is a key determinant of organizational advancement and can be evaluated through the quantity and quality of work produced.

Human resources are directly involved in company operations and are instrumental in driving performance outcomes. Employees are expected to overcome challenges, seize opportunities, and meet workplace demands. Thus, human capital must continuously develop its potential and enhance professional capabilities through tailored education, training, and development programs. These efforts must align with advances in science and technology, fostering innovation and ensuring that the workforce is no longer a burden but a productive asset.

Compensation, as a corporate expense, is expected to generate returns in the form of improved employee performance. When fair and adequate compensation is provided, employees are more likely to experience job satisfaction and demonstrate improved performance, thereby contributing to the organization's overall productivity.

PT. Pho 24 Indonesia, a Vietnam-based restaurant company, established operations in Indonesia in 2010. Operating in the food service industry, Pho 24 offers freshly prepared traditional Vietnamese cuisine in a cozy, relaxed, and comfortable setting, supported by appealing interior design. With approximately 20 outlets across major Indonesian cities, the company envisions becoming the preferred Vietnamese restaurant in the market. Its mission is to provide authentic Vietnamese culinary experiences with excellent service, ensuring customer satisfaction.

However, based on the research I conducted, challenges were identified regarding the compensation system within the company. Some employees reported that their wages did not meet the Regional Minimum Wage (UMR) and were inadequate relative to rising daily living costs. While employees have requested annual salary increases, the company has not been able to fulfill these expectations. As a result, employees' motivation and enthusiasm have declined due to concerns about meeting basic living expenses. They expressed a desire for compensation that aligns with their contributions, which they believe would lead to improved performance. The following section presents data on the current compensation structure at PT. Pho 24 Indonesia.

**Table 1.** Employee Compensation Data at PT. Pho 24 Indonesia, South Jakarta

Description	2016		2017		2018		2019		2020	
	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided
Basic Salary	3,5	–	3,5	–	3,5	–	3,5	–	1,75	–
Incentive	100	–	100	–	100	–	0	–	0	–

Description	2016		2017		2018		2019		2020	
	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided	Pro- vided	Not Pro- vided
Attendance Allowance	100	–	100	–	100	–	0	–	0	–
Skill Allowance	0	–	0	–	0	–	0	–	0	–
Health Allowance	0	–	0	–	0	–	0	–	0	–
Labor Allowance	0	–	0	–	0	–	0	–	0	–
Religious Holiday Allowance	3,5	–	3,5	–	3,5	–	1,75	–	1,75	–
Overtime	25	–	25	–	25	–	25	–	25	–
Pension	0	–	0	–	0	–	0	–	0	–
Employee Awards	0	–	0	–	0	–	0	–	0	–

Note: All values are presented in millions of Indonesian Rupiah (IDR).

Source: PT. Pho 24 Indonesia, 2016 & 2020

Based on the data above, it is evident that the company eliminated incentive payments in 2019 and 2020. Furthermore, the data indicates the absence of skill allowances, health benefits, pension schemes, and employee recognition awards throughout the observation period, which may contribute to a decline in employee performance.

Incentives are a component of compensation, specifically defined as rewards given to employees who perform above standard expectations. The purpose of providing incentives is to motivate employees to work with greater enthusiasm, thereby improving their productivity (Badriyah, 2015, p. 164). This understanding offers a compelling rationale for implementation in organizational settings, as enhanced employee performance contributes directly to improved organizational productivity.

According to Siagian (2015, p. 68), career development refers to personal changes undertaken by an individual in pursuit of a career plan. At PT. Pho 24 Indonesia, employee career development appears to progress slowly, with limited opportunities for promotion or advancement. Several obstacles to career development within the company can be identified, as illustrated in Table 1.2 below.

**Table 2** Career Development Stages at PT. Pho 24 Indonesia

No	Previous Position	Employees Retained (Total: 90)	Annual Promotions					New Position
			2016	2017	2018	2019	2020	
1	Kitchen Staff	15	5	2	4	–	–	Cooking

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No	Previous Position	Employees Retained (Total: 90)	Annual Promotions					New Position
			2016	2017	2018	2019	2020	
2	Cooking	9	2	2	2	1	–	Caption Cook
3	Caption Cook	5	2	1	1	1	–	Supervisor
4	Waiter/Waitress	36	4	2	1	2	1	Cashier
5	Cashier	14	2	2	2	–	–	Supervisor
6	Supervisor	10	–	–	–	–	–	No promotion available

Source: PT. Pho 24 Indonesia

Based on the data presented above, it is evident that career development at PT. Pho 24 Indonesia has not been implemented in accordance with the company's standard operating procedures (SOP), particularly concerning the promotion timeline from kitchen staff to cooking, which should occur after one year of service. In reality, the number of promotions has declined each year. Notably, there were no promotions from kitchen staff in 2019, and no promotions for any employees in 2020.

This indicates that actual career development has been slow and inconsistent when compared to the stipulated requirements. The progression from kitchen staff to higher roles such as cooking and beyond necessitates strong performance and service excellence. However, each year, no employees were able to meet the set performance standards, and promotions were not based on individual achievement. Rather, the company's limited opportunity for growth and lack of managerial support have posed significant barriers to employee advancement at PT. Pho 24 Indonesia.

Career development refers to the implementation of career plans, which involves an employee's personal efforts to achieve their career objectives. These efforts may or may not be supported by the company's human resources department. Ideally, such development should be institutionally backed to foster growth and motivation.

Several organizational issues have been identified as contributing to declining performance levels. These include excessive workloads, mismatches between assigned tasks and employee preferences, poor communication and cooperation among coworkers, and limited promotion opportunities—all of which have led to diminished employee satisfaction. Further documentation of these issues is presented in Table 1.3 below.

**Table 3** Performance Assessment of PT. Pho 24 Indonesia, South Jakarta

No	Indicator	2016	2017	2018	2019	2020	Remarks
1	Work Engagement (Employee Attachment)	77%	77%	77%	65%	60%	Work engagement remained stable from 2016

No	Indicator	2016	2017	2018	2019	2020	Remarks
2	Leadership Quality (Leadership Standards)	71%	71%	73%	69%	66%	to 2018, but declined in 2019 and 2020. Leadership quality was consistent in 2016–2017, improved in 2018, and then declined in 2019–2020.
3	Job Demands (Task Load)	47%	45%	43%	42%	0%	Job demands steadily decreased from 2016 to 2020.
4	Social Support (Social Relations/Collaboration)	76%	76%	76%	66%	64%	Social support was stable from 2016 to 2018, then declined in 2019 and 2020.
5	Job Satisfaction (Employee Satisfaction)	72%	72%	74%	64%	62%	Job satisfaction was high in 2016–2018, but dropped in 2019 and 2020.

Source: PT. Pho 24 Indonesia

Based on the data and documentation above, it is evident that the performance appraisal scores of employees at PT. Pho 24 Indonesia have experienced a gradual decline from year to year. This decline is largely attributed to the lack of motivation among employees to develop themselves, which stems from the absence of encouragement or support from management in facilitating career advancement. The performance score dropped from 69.8% in 2016, to 67.6% in 2017, 66.7% in 2018, 65.4% in 2019, and further declined to 64.6% in 2020.

The performance evaluation scores were derived based on five key indicators: Work Engagement, Leadership Quality, Job Demands, Social Support, and Job Satisfaction. The data indicates that employee performance has not yet reached optimal levels and falls short of the organizational performance standard, which requires each evaluation component to meet a minimum score of 80%. For instance, job involvement (Work Engagement) still scores below the ideal threshold, and the ability to collaborate with others (Social Support) also remains under the expected standard.

The improvement of employee performance is highly dependent on individual awareness and can be observed through behavior within the work environment. In order to enhance employee performance, companies must preserve and utilize their human resources effectively and efficiently. One key strategy is the implementation of appropriate compensation systems and career development programs, which can motivate employees to perform at their best.

The success of a company is often determined by its ability to improve the performance of its workforce. This is achieved by fostering employees' willingness and drive to perform

optimally to meet the company's objectives. Therefore, a well-structured compensation and career development system can guide employees to channel their abilities, skills, and competencies effectively while also complying with organizational rules, ultimately resulting in improved employee performance.

## METHODS

This study applies a quantitative research method grounded in the positivist paradigm, aiming to test hypotheses about the effect of compensation and career development on employee performance (Sugiyono, 2019). Quantitative methods are characterized by structured data collection using instruments and statistical analysis to test the relationships between variables. The study is empirical in nature, seeking to explain causal effects between independent and dependent variables using numerical data.

The population comprises all 90 employees at PT. Pho 24 Indonesia, South Jakarta. Given the manageable population size, the study employs a saturated sampling technique, where the entire population is used as the sample (Sugiyono, 2019). This technique is appropriate when the population is relatively small and allows for a complete representation of data. The use of a census-based approach increases the accuracy and reliability of conclusions drawn from the data.

Data collection was carried out using a structured questionnaire. The instrument was evaluated for validity, which refers to the degree to which the instrument measures what it is intended to measure (Ghozali, 2019), and reliability, or the internal consistency of the responses (Sugiyono, 2019). Validity was tested using item-total correlation, while reliability was tested using Cronbach's Alpha, with a value greater than 0.7 considered acceptable.

Prior to regression analysis, the study conducted classical assumption tests, including normality, multicollinearity, and heteroscedasticity, to ensure the suitability of the linear regression model (Santoso, 2019). The main analysis technique used was simple linear regression to assess the effect of compensation and career development on employee performance (Sugiyono, 2019). In addition, correlation coefficient analysis was used to measure the strength and direction of the relationship between variables, and the coefficient of determination ( $R^2$ ) was employed to determine the proportion of variance in the dependent variable explained by the independent variables (Supangat, 2015).

Finally, hypothesis testing was conducted using both the t-test for partial effects and the F-test for simultaneous effects (Sugiyono, 2019). The t-test was used to identify whether each independent variable individually influenced employee performance, while the F-test examined the joint influence of the variables. All tests were performed at a 95% confidence level to ensure statistical reliability and significance in evaluating the impact of compensation and career development on employee performance.

## RESULTS AND DISCUSSION

### Validity Test

The results of the validity test for the career development variable are as follows:

**Table 4.** Validity Test Results

No	r-value X1	r-value X2	r-value Y	r-table	Decision
1	0.329	0.326	0.326	0.207	Valid
2	0.331	0.412	0.412	0.207	Valid
3	0.365	0.500	0.500	0.207	Valid
4	0.665	0.747	0.747	0.207	Valid
5	0.746	0.681	0.681	0.207	Valid
6	0.392	0.607	0.607	0.207	Valid
7	0.727	0.654	0.654	0.207	Valid
8	0.579	0.672	0.672	0.207	Valid
9	0.629	0.542	0.542	0.207	Valid
10	0.641	0.475	0.475	0.207	Valid

Source: Processed data, 2023

Based on the data in the table above, all variables show r-count values greater than the r-table value (0.207). Therefore, all questionnaire items are declared valid. Consequently, the questionnaire used is considered appropriate and feasible for processing as research data.

### Reliability Test

The reliability test in this study was conducted using the Statistical Package for the Social Sciences (SPSS) for Windows Version 26, with the results presented as follows:

**Table 5.** Reliability Test Results

Variable	Cronbach's Alpha	Standard Cronbach's Alpha	Decision
Compensation (X1)	0.725	0.600	Reliable
Career Development (X2)	0.753	0.600	Reliable
Employee Performance (Y)	0.612	0.600	Reliable

Source: Processed data, 2023

Based on the test results in the table above, the variables Compensation (X1), Career Development (X2), and Employee Performance (Y) are declared reliable, as evidenced by each variable having a Cronbach's Alpha value greater than 0.600.

### Classical Assumption Testing

#### Normality Test

**Table 6.** Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Kinerja Karyawan (Y)	.084	90	.160	.977	90	.108

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Sumber: Data diolah, 2023

Based on the test results in the table above, the significance value obtained is 0.160 > 0.050. Therefore, it can be concluded that the distribution assumption in this test is normal.

### Multicollinearity Test

**Table 7.** Multicollinearity Test

Variable	Unstandardized Coefficients (B)	Std. Error	Tolerance	VIF
(Constant)	6.035	2.164	–	–
Compensation (X1)	0.383	0.059	0.729	1.372
Career Development (X2)	0.267	0.058	0.729	1.372

Dependent Variable: Employee Performance

Based on the multicollinearity test results in the table above, the tolerance value for the compensation variable is 0.729 and for the career development variable is also 0.729, both of which are greater than 0.1. The Variance Inflation Factor (VIF) values for both compensation and career development are 1.372, which are less than 10. Therefore, it can be concluded that the regression model is free from multicollinearity issues.

### Heteroscedasticity Test

**Table 8.** Heteroscedasticity Test Results Using the Glejser Test

Variable	Unstandardized Coefficients (B)	Std. Error
(Constant)	2.270	1.519
Compensation (X1)	-0.003	0.041
Career Development (X2)	-0.022	0.041

Dependent Variable: RES2

Based on the test results in the table above, the Glejser test for the compensation variable (X1) shows a significance value of 0.941, and for the career development variable (X2), a significance value of 0.582, both of which are greater than 0.05. Therefore, it can be concluded that the regression model does not suffer from heteroscedasticity, making it suitable for use in this research.

## CONCLUSION

Based on the results of the analysis, this study concludes that compensation and career development significantly influence employee performance. Compensation plays a vital role in motivating employees, while career development encourages personal growth and long-term commitment. Both variables show a strong relationship with performance, and when combined, their impact becomes even more substantial in shaping employee outcomes. These findings reinforce the importance of effective human resource management in improving organizational productivity. The implication of this study is that PT. Pho 24 Indonesia must pay greater attention to aligning its compensation systems and career development initiatives with employee expectations. A well-structured compensation scheme not only boosts morale but also reduces turnover. Likewise, providing clear and attainable career pathways can enhance work engagement and build a performance-oriented culture. As a recommendation,

management should conduct regular reviews of salary structures and ensure they are fair and competitive. Additionally, the HR department is advised to implement systematic career development programs through training, coaching, and transparent promotion policies. For future research, it is suggested to include additional variables such as leadership style or job satisfaction to gain a broader understanding of the factors influencing employee performance in the service industry.

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