

The Influence of Salary and Allowances on Employee Productivity at GraPARI Telkomsel Manokwari Regency

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Abstract. *This study aims to analyze the influence of salary and allowances on employee productivity at GraPARI Telkomsel in Manokwari Regency. The research method used is a quantitative approach with multiple linear regression techniques. Data were obtained through questionnaires distributed to 45 employees and analyzed using validity tests, reliability tests, and classical assumption tests before conducting multiple linear regression analysis. The results show that salary and allowances have a significant simultaneous and partial effect on employee productivity. Salary has a regression coefficient of 0.541 with a significance value of 0.007, while allowances have a regression coefficient of 0.489 with a significance value of 0.011. Both variables together increase employee productivity, with the F-test showing a significance value of 0.000. The implication of this study is the importance of company policies in providing competitive salaries and adequate allowances to enhance employee productivity.*

Keywords: *Salary, Allowances, Work Productivity, Multiple Linear Regression, GraPARI Telkomsel Employees*

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INTRODUCTION

Work productivity is one of the key elements in the success of an organization. Work productivity can be defined as the ability to produce optimal output using minimal resources (Gibson et al., 2012; Sitopu et al., 2021; Prasetyo et al., 2021). In the context of a company, increasing employee productivity is a strategic goal that is crucial to maintaining the company's competitiveness, especially in the highly competitive telecommunications sector (Kinanti et al., 2024). Factors influencing work productivity have been widely discussed in various studies. Among them are salary and allowances, which are parts of the direct and indirect compensation employees receive as a reward for their contributions (Dessler, 2017; Nguyen et al., 2020; Alam et al., 2020). Salary, as one of the main components of compensation, refers to the financial rewards received by employees periodically, typically based on their roles, responsibilities, and performance in the workplace (Putra & Gupron, 2020). Research by Nawawi (2015) shows that competitive salaries can increase work motivation, which ultimately has a positive impact on employee productivity.

In addition to salary, allowances also play a crucial role in influencing productivity. Allowances include various additional benefits such as health insurance, transportation allowances, and other welfare facilities (Hasibuan, 2017). These allowances are often considered non-monetary compensation that can increase job satisfaction and employee loyalty (Alwi, 2024). According to a study conducted by Mondy & Martocchio (2016), allowances contribute to improving employees' quality of life, which in turn can enhance work productivity. Previous

research by Priatna et al. (2020) states that compensation, whether in the form of salary or allowances, is closely related to employee motivation and work productivity. Another study by Akintoye et al. (2022) also supports these findings, stating that companies providing additional benefits such as performance bonuses, insurance, and other welfare facilities tend to have more productive employees. Therefore, this research aims to explore more deeply the influence of salary and allowances on employee productivity at GraPARI Telkomsel in Manokwari Regency. By understanding how these two variables affect employee performance, companies can optimize their compensation policies to improve work productivity.

METHODS

This study uses a quantitative method with a survey approach. The population in this study consists of all employees of GraPARI Telkomsel in Manokwari Regency, totaling 45 people. The sampling technique used is purposive sampling, where the entire population is taken as the sample. The independent variables in this study are salary (X1) and allowances (X2), while the dependent variable is work productivity (Y). Data analysis was conducted using multiple linear regression with the assistance of SPSS version 25.

Data Collection Technique

Primary data were collected through questionnaires distributed to respondents. The questionnaire consisted of 6 questions covering the variables of salary, allowances, and work productivity. The measurement of variables was conducted using a Likert scale ranging from 1 to 5.

Data Analysis Technique

The collected data were analyzed using multiple linear regression to determine the simultaneous and partial effects between salary (X1), allowances (X2), and work productivity (Y). The analysis was conducted to test the extent to which the independent variables (salary and allowances) influence the dependent variable (work productivity).

Before conducting multiple linear regression analysis, several preliminary tests were performed to ensure the validity and reliability of the instruments, as well as meeting the classical assumptions required in the regression model, as follows:

Validity Test

The validity test was conducted to measure the extent to which the questionnaire could measure the intended variables. Validity was measured using the correlation between item scores and total scores. If the Pearson correlation coefficient (r) for each item is greater than 0.3 and significant at the 5% significance level, the instrument is considered valid.

Reliability Test

The reliability test was used to ensure the consistency of respondents' answers to the items in the questionnaire. Reliability testing was performed using the Cronbach's Alpha technique. The instrument is considered reliable if the Cronbach's Alpha value is greater than 0.6.

Classical Assumption Test

Before performing multiple linear regression analysis, several classical assumption tests were conducted to ensure that the regression model meets the required criteria. The classical assumption tests performed include:

Normality Test

This test is used to determine whether the residuals from the regression model are normally distributed. The test is conducted using the Kolmogorov-Smirnov test. The data is considered to be normally distributed if the significance value is greater than 0.05 (Saparwadi, 2021).

Multicollinearity Test

This test is used to determine whether there is a strong correlation between the independent variables in the model. Multicollinearity is tested through the Variance Inflation Factor (VIF) and Tolerance. The model is considered free from multicollinearity if the VIF value is below 10 and the Tolerance value is greater than 0.1 (Kyriazos & Poga, 2023).

Heteroscedasticity Test

This test is used to determine whether there is non-constant variance in the errors of the regression model. The test is conducted using the Glejser method. If there is no clear pattern on the scatterplot between predicted values and residuals, and the significance value is greater than 0.05, the model is considered free from heteroscedasticity (Hendry et al., 2022).

Autocorrelation Test

This test is used to determine whether there is correlation between the residuals in the regression model. The test is conducted using the Durbin-Watson Test. A Durbin-Watson value between 1.5 and 2.5 indicates the absence of autocorrelation (Hidayat & Irwansyah, 2020).

Multiple Linear Regression Test

After ensuring that the model meets the classical assumptions, multiple linear regression analysis is conducted to determine the simultaneous and partial effects of the independent variables on the dependent variable. The multiple linear regression equation used is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Where:

Y = Work Productivity

X₁ = Salary

X₂ = Allowances

β₀ = Constant

β₁, β₂ = Regression Coefficients

ε = Error

5) Significance Test

The significance test is conducted to determine whether the independent variables have a significant effect on the dependent variable, both simultaneously and partially (Pulungan et al., 2023). The tests include: a) F-test to examine the simultaneous effect of salary and allowances on work productivity. If the significance value is < 0.05, it indicates that the independent variables have a significant simultaneous effect on the dependent variable; b) t-test to examine the partial effect of each independent variable (salary and allowances) on work productivity. If the significance value is < 0.05, it indicates that the independent variables have a significant partial effect on work productivity.

Through these series of tests, the extent of the influence of salary and allowances on the work productivity of GraPARI Telkomsel employees in Manokwari Regency can be determined, as well as whether the regression model meets the necessary statistical requirements.

RESULTS AND DISCUSSION

This study was conducted to examine the influence of salary and allowances on the work productivity of GraPARI Telkomsel employees in Manokwari Regency. The collected data were analyzed through several testing stages, including validity tests, reliability tests, classical assumption tests, and multiple linear regression analysis. The following are the results from each test conducted.

Validity Test

The validity test was conducted to measure the extent to which each item in the questionnaire is able to measure the intended variables. This test was performed by examining the Pearson correlation coefficient between the score of each item and the total score of the related variable.

Explain the results of the research in the form of problem-solving analyzed using relevant theories. The results of the study also revealed the findings of the research. Discussion is accompanied by logical arguments by linking the results of research with theory, the results of other studies.

Table 1. Validity Test Results

Questionnaire Item	Variable	Correlation Coefficient	Significant value	Description
X1.1	Salary	0.742	0.000	Valid
X1.2	Salary	0.681	0.000	Valid
X2.1	Allowances	0.718	0.000	Valid
X2.2	Allowances	0.653	0.000	Valid
Y1.1	Productivity	0.765	0.000	Valid
Y1.2	Productivity	0.703	0.000	Valid

From the table above, all questionnaire items have a correlation coefficient greater than 0.3 and a significance value below 0.05. Therefore, all questionnaire items are considered valid.

Reliability Test

The reliability test was conducted to measure the consistency of respondents' answers to the questionnaire items. The reliability test was performed using the Cronbach's Alpha method.

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Description
Salary	0.789	Reliable
Allowances	0.768	Reliable
Productivity	0.801	Reliable

Based on the table above, the Cronbach's Alpha values for all variables are above 0.6, indicating that the questionnaire is reliable and consistent in measuring the research variables.

Classical Assumption Test

The classical assumption test includes the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The results of each test are presented as follows:

Normality Test

The normality test is conducted to determine whether the residuals in the regression model are normally distributed. This test is carried out using the Kolmogorov-Smirnov test.

Table 3. Normality Test Results (Kolmogorov-Smirnov Test)

Variable	K-S Statistic	Significance	Description
Residual	0.091	0.200	Normal

Based on the results of the normality test above, the significance value is $0.200 > 0.05$, which indicates that the residual data is normally distributed.

Multicollinearity Test

The multicollinearity test is conducted to ensure that there is no strong linear relationship between the independent variables in the model. This test is performed by examining the values of the Variance Inflation Factor (VIF) and Tolerance.

Table 4. Multicollinearity Test Results

Variable	VIF	Tolerance	Description
Salary (X1)	1.233	0.811	No multicollinearity
Allowances (X2)	1.233	0.811	No multicollinearity

Based on the results above, the VIF values for all independent variables are less than 10, and the Tolerance values are greater than 0.1, indicating that multicollinearity does not occur

Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether the variance of the residuals is constant. This test is performed using the Glejser test.

Table 5. Heteroscedasticity Test Results (Glejser Test)

Variable	t-Statistic	Significance	Description
Salary (X1)	0.674	0.505	No heteroscedasticity
Allowances (X2)	0.854	0.398	No heteroscedasticity

Based on the test results above, the significance values for all variables are greater than 0.05, indicating that heteroscedasticity does not occur in the model.

Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between the residuals in the model. This test is conducted using the Durbin-Watson Test.

Table 6. Autocorrelation Test Results (Durbin-Watson Test)

Variable	Durbin-Watson	Description
Model	1.948	No autocorrelation

The Durbin-Watson value of 1.948 falls within the range of 1.5 - 2.5, indicating that there is no autocorrelation in the model.

Descriptive Statistics

The following table presents the descriptive statistics of the variables studied.

Table 7. Descriptive Statistics Results

Variable	N	Mean	Standard Deviation
Salary (X1)	45	4.23	0.56
Allowances (X2)	45	4.12	0.58
Productivity (Y)	45	4.34	0.52

Multiple Linear Regression Test

After all the classical assumption tests are met, a multiple linear regression test is conducted to determine the effect of salary and benefits on employee work productivity.

Table 8. Results of the Multiple Linear Regression Test

Variable	Regression Coefficient	t-Statistic	Significance	Description
Salary (X1)	0.541	2.857	0.007	Significant
Allowances (X2)	0.489	2.647	0.011	Significant
Constant	0.914			

Based on the results of the multiple linear regression, the regression equation obtained is as follows:

$$Y = 0.914 + 0.541X_1 + 0.489X_2$$

From these results, both salary (X1) and benefits (X2) have a positive and significant effect on work productivity (Y), with significance values below 0.05.

Significance Test (F-Test and t-Test)

Table 9. Results of the Significance Test

Significance Test	F/t Value	Significance	Description
F Test (Simultaneous)	23.874	0.000	Significant
t-Test for Salary (X1)	2.857	0.007	Significant
t-Test for Allowances (X2)	2.647	0.011	Significant

Based on the results of the F-test, it is known that salary and benefits simultaneously have a significant effect on work productivity (F value = 23.874, sig. 0.000). Meanwhile, from the results of the t-test, both salary (X1) and benefits (X2) also have a significant partial effect on work productivity.

This study's discussion shows that both salary and benefits have a significant impact on the work productivity of GraPARI Telkomsel employees in Manokwari Regency. These results align with several theories that support the relationship between compensation and work productivity.

Effect of Salary on Productivity

Salary, as financial compensation provided to employees, has been proven to have a significant relationship with work productivity. The analysis shows that competitive salaries encourage employees to work harder and more effectively. This finding is consistent with Dong & Loang's (2023) theory, which states that salary motivates employees to improve their performance, especially when they perceive their salary as fair and aligned with their roles and responsibilities. Additionally, Herzberg's two-factor theory, as cited in Ali & Anwar (2021), supports this finding, where salary is classified as a hygiene factor that, when met, can increase employee satisfaction and motivation. Based on the research results, salary plays an important role in motivating employees to achieve higher productivity levels.

Effect of Benefits on Productivity

Benefits, which include various forms of non-financial compensation such as health insurance, transportation allowances, and other welfare facilities, also have a significant impact on work productivity. This study confirms that benefits can improve the quality of life of employees, which in turn drives higher productivity. These results support the view of Mondy & Martocchio (2016), who emphasize that benefits can enhance employee loyalty and job satisfaction, which positively impacts productivity. Additionally, a study by Hasibuan (2017) also shows that benefits contribute to employee well-being and can increase loyalty and motivation to excel.

Alignment with Work Productivity Theory

Employee work productivity is influenced by motivation derived from the compensation they receive, both in the form of salary and benefits. The work productivity theory proposed by Mangkunegara (2015) states that employees who receive adequate compensation tend to perform better, as they feel valued for their contributions to the company. This study confirms that companies providing fair and adequate compensation, whether in the form of salary or benefits, will have more productive and motivated employees.

Research Implications

The results of this study have important implications for company policies, particularly in terms of human resource management. Companies are encouraged to continually improve their compensation policies to maintain optimal employee performance. Providing competitive salaries and adequate benefits not only boosts productivity but also reduces turnover rates and increases employee loyalty. Overall, this study supports various theories suggesting that salary and benefits play a crucial role in influencing employee work productivity, which ultimately contributes to the overall success of the organization.

CONCLUSION

This study demonstrates that salary and benefits have a significant impact on the work productivity of GraPARI Telkomsel employees in Manokwari Regency. Both variables, whether considered simultaneously or partially, are proven to play an important role in increasing employee productivity. Competitive salaries provide motivation for employees to work more effectively, while adequate benefits enhance their well-being and loyalty to the company. The results of the multiple linear regression analysis reveal that both salary and benefits have a strong and significant relationship with work productivity. Therefore, companies are advised to continuously optimize their compensation systems by balancing the salaries and benefits provided. By improving employee welfare through appropriate compensation policies, companies can retain productive employees and enhance their competitiveness in the highly competitive telecommunications industry. Thus, this study reinforces the understanding that compensation management, in the form of both salary and benefits, is a key factor in driving productivity and organizational success. The recommendation from this study is that companies should continuously optimize their compensation systems by balancing the salaries and benefits provided. By improving employee welfare through appropriate compensation policies, companies can retain productive employees and enhance their competitiveness, particularly in the highly competitive telecommunications industry.

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