<table>
<thead>
<tr>
<th>Pengaruh Faktor Kontekstual Terhadap Perilaku Pembelian Smartphone BlackBerry</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pengaruh Service Quality dan Perceived Value Terhadap Satisfaction dan Loyalty</td>
<td>19</td>
</tr>
<tr>
<td>Effect of Compensation and Conflict Management On Employee Retention and Its Impact to Employee Performance at Pacific Jaya Niaga Company</td>
<td>33</td>
</tr>
<tr>
<td>Pengaruh Karakteristik Personal Terhadap Prilaku Belanja Impulsif Konsumen Ritel Hypermarket di Jakarta</td>
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</tr>
<tr>
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<td>67</td>
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<tr>
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<td>73</td>
</tr>
<tr>
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<td>93</td>
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</tbody>
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Diterbitkan oleh Jurusan Manajemen - Fakultas Ekonomi Universitas Pelita Harapan - Karawaci Tangerang
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Lia Pratiwi Chandra
Innocentius Bernarto

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Haryadi Sarjono
Lim Sanny
Vicky Antonius

Pengaruh Karakteristik Personal Terhadap Prilaku Belanja Impulsif Konsumen Ritel Hypermarket di Jakarta
Soeseno Bong

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EFFECT OF COMPENSATION AND CONFLICT MANAGEMENT ON EMPLOYEE RETENTION AND ITS IMPACT TO EMPLOYEE PERFORMANCE AT PACIFIC JAYA NIAGA COMPANY

Haryadi Sarjono1
Lim Sanny2
Vicky Antonius3

Abstract
Employee are invaluable assets of company, at modern time like this company must have its own loyal and high performing employee to gain competitive advantage over the global competition. In order to get high performing employee, company must whether train potentially high performing employee or maintain existing high performing employee on company by maintaining a high level of employee retention and focus on increase employee performance. This research discuss about the effect of compensation and conflict management on employee retention and its impact on employee performance. Research conducted at Pacific Jaya Niaga, a company engaged in manufacture of electronic goods. The objective of this research was to analyze which factor played a major role on influencing employee performance. Data were collected by questionnaire and interview. Research subject is one hundred permanent employee from company who have problem with their performance. The result obtained from processing subject questionnaire answer using SPSS software then analyzed using path analysis. Based on the hypotheses test, it can be concluded the factors that has most affect on employee performance and employee retention within company is not compensation but conflict management. Although, compensation still has effect on both retention and performance of the employee within the company. Moreover, finding of this research is employee retention have its own impact on increasing employee performance. This demonstrate that most company has not paid much attention to conflict management within company because compensation factor seems to have clearer impact on employee.

Key words: Employee Performance, Employee Retention, Compensation, Conflict Management

Introduction
Compensation is the strategy of a company to empowering its workforce, and can serve as company’s competitive advantage. Usually compensation is the main reason of employee to join in a company. When properly managed, compensation can play a major role in organization assisting the implementation strategy of the company to its employees. Compensation can be a tool for motivating employee performance. With a fairly satisfactory compensation, the employee will feel that the company pay attention to employee. Moreover, Conflict is inevitable and can be beneficial or detrimental to the survival of the organization. The organization will advance if it is able to apply conflict management to resolve the conflict at hand. Conflict can not be eliminated but can be avoided and managed. Any conflicts that occur within the company most likely have impact on the company whether its positive or negative, all depending on the company’s conflict management. Leaders are responsible for helping manage the conflict into functional and make it useful for the company. Nevertheless, performance is not the only major issue to gain competitive advantage over the competition, but how the company maintain the advantage they already have. Especially how to own, manage, and maintain the best human resources that can move the company towards good performance. Therefore, employee retention is an important factor that also need to be considered by company. High employee retention may have an impact on increasing loyalty, otherwise low rates employee retention can lead to lower organizational and individual performance. This research is intended to determine the magnitude of compensation and conflict management effect to employee retention and its impact on the employee performance at Pacific Jaya Niaga Company.

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DeReMa Jurnal Manajemen Vol. 7 No. 2, September 2012
Literature Review

A. Compensation
Definition of Compensation by Milkovich T. (2010, p.4) is any form of financial rewards, services and benefits received by employees as a result of working relationship with companies or organizations. According to Hasibuan (2007, p.118), compensation is all the income in the form of money, goods directly or indirectly received by an employee in return for services rendered to the company. The company expects to obtain greater work performance by compensation paid for employees. So according to their definition, compensation can be concluded to be something that is given according to how much work done by employees.

B. Conflict Management
According to Mutiah Alagappa (2003, p.395) Conflict management is the process, methods, tools, techniques and strategies used to handle or manage the conflict. Moreover, Wirawan (2010, p.129) Conflict Management is the process of parties to the conflict or third-party conflict and apply a strategy to control the conflict in order to produce the desired resolution. So according to definition given, therefore definition of conflict management can be concluded to be how to manage conflict within the organization so it can produce a positive impact.

C. Employee Retention
According to Jennifer A Carsten (2005, P.2) widely employee retention is how many employees remain within the company during a specified period. Employee Retention according to Robert L. Mathis and John H. Jackson (2006, p.126) is the capabilities of the company to maintain the company's potential employees to remain loyal to the company. The goal is to retain employees who are deemed qualified from the company at their own desire. So according to definition given, employee retention is the company's efforts in maintaining the well-performing employees to remain within the company.

Figure 1. Indicator factor of employee Retention
Source: Robert L. Mathis and John H. Jackson (2006, p.129)

D. Employee Performance
Definition of performance according to (p.47) he concluded that the results achieved by an individual who applies for the position. According to the Mathis & Jackson (19914), definition of employee’s performance is a factor affecting the organization. Improved performance both individuals or groups are sought.

Figure 2. Indicator Factor Performance
Source: Mathis & Jackson (2006, p.47)

Research Variable Indicator
According to T. Milcroh (2010), compensation consists of:

1. Cash Compensation
   a. Salary: remuneration in the form of money received by employees in compensation and aimed at compensating the employee for the work performed or services provided to the company. Payment received by the employee as a member in a company.
   b. Merit / Cost of Living: periodic increases in the salary provided to the employee for the same job. Merit system is the provision of salary increases to reflect work behavior in the company.

DeReMa Jurnal Manajemen Vol. 7 No. 2, September 2012
D. Employee Performance
Definition of performance by As'ad (2001, p.47) he concluded that the performance is the results achieved by the size of a person who applies for the job in question. According to the Mathis (2006, p.113 - 114), definition of employee performance is the performance of individual employees is a factor affecting the success of an organization. Improved performance for both individuals or groups will have its impact on improving organizational performance. According to Veizal Rivai (2004, p.604) performance is the real behavior of each person shown as the achievement of work produced by employees in accordance to its role within the company. So according to definition give the authors concluded, performance results achieved are employees of effort put into it.

![Figure 2. Indicator Factor of Employee Performance](image)

Source: Mathis & Jackson (2006, p.114)

Research Variable Indicators
According to T. Milkovich (2011, p. 11), compensation consists of 2 type, namely:

1. Cash Compensation / compensation:
   a. Salary: remuneration in the form of money received by employees for their contribution and energy in achieving corporate objectives. Salary is a fixed payment received by a person for membership in a company.
   b. Merit / Cost of Living: the change that occurs periodically in salary regard to the salary provided by competitors for the same job. Merit increases for the provision of salary increases based on work behavior in the past.

   c. Incentive: is directly paid to reward employees for exceeding performance standards specified. Incentives are another form of direct wages beyond the wages and salaries which are fixed compensation, which is usually called the compensation based on performance / pay for performance. Incentives can include increased direct payments tied to performance, different from the merit pay incentives. First, the incentives do not increase the basic salary, and should be pursued again in each period. Second, a measure of the amount of incentive payments to employees are
usually already informed before administration.

2. Benefit

a. Income Protection: Income protection in the form of health insurance, pension plans, life insurance, and plans to save employee money for the future.

b. Work / Life Balance: the balance work time with life, where workers are supported to do activities in life (outside the scope of work) as given leave, vacation, or a flexible work schedule.

c. Allowances / Allowances: allowances may include family protection, insurance, severance pay, children education and retirement.

According Wirawan (2010, P.142-143) Indicators that affect conflict management styles - compromise is:

a. Ability to negotiate, the ability of negotiating parties to the conflict or a third party to mediate the conflict in order to achieve balanced satisfaction of both parties

b. Ability to listen both parties of conflict

c. Evaluate the value of both parties, means recognize, appreciate and evaluate the value existing and adopted by the conflict involved parties

d. Finding the middle way, that means finding solutions to problems for the parties involved to the conflict in order to obtain a fair result.

e. Provide Concession means parties involved to the conflict reducing the demands on opposite sides of the conflict or sacrificing demand.

According to Robert L. Mathis and John H. Jackson (2006, p.128-135), there are several factors determining the retention of employees, namely:

a. Organizational Components
Organizational culture is an organizational component of the pattern of shared values and beliefs that give meaning and rules of conduct for members of the organization. Create an appreciating culture allow some companies to attract and keep good employees. Other organizational components that affect the retention of employees associated with the strategies, opportunities and management of the organization. Factors that influence how employees view their organization is the quality of planning for the future of leadership within the company. Such a vision is often shown with a strategic plan in the identification and led the company to change.

b. Organizational Career Opportunities
Organizations opportunities and career development in a variety of organizational career development. Effort designed to meet the expectations of employees that their employers are committed to maintaining knowledge, skills, and current information.

c. Appreciation
Awards received by employees since the real work comes in the form of salaries, incentives and allowances, salaries and benefits should be competitive and in accordance with the employee performance. The truth is, money probably the reason some employees changed jobs, but there are many another factor which is the reason people to stay in their company. Recognition of employees as a form of appreciation can be real or unreal. Real is like the selection of the best employee every month, employees with the best attendance, and others. Unreal is to give positive feedback such as praise when employees work in accordance with company expectations.

d. Task and Work
Fundamental factors that affect employee retention is nature of tasks and jobs done. Because employees spend significant time at work, they hope to work with modern equipment and technology and have good working conditions, given the nature of that job. Employee also want the environment safe working where the risk of accidents and injuries is noted. Workplace, particularly true in manufacturing involves daily equipment and tools has a higher safety risk in service industry environments.

e. Employee Relation

Last factor that affects employees based on their relationship in the organization is the feasibility of HR to apply disciplinary action to employees, all in decision-making of employees.

According to Robert L. Mathis and John H. Jackson (2006, p.119), factors affecting employees are divided into three main factors:

a. Individual ability to work
   This includes the employees' talent, intelligence, personality factor

   - Base Wage
   - Merit Pay
   - Incentive
   - Protection
   - Work/Life balance
   - Allowance

   - Negotiating ability
   - Ability to listen
   - Evaluate Value
   - Finding Solution
   - Giving Concession

   Source: Researcher (2011)
The organizational affect the retention of employees and the organization. The quality of future leadership. Such a vision is strategic plan in the led the company to.

Opportunities and career a variety of career development. meet the expectations that their employers to maintaining its, and current by employees since 95 in the form of 85 and allowances, net profit should be accorded with the others. The truth is, the reason some 10 jobs, but there are 10 which is the reason in their company. employees as a form of real or unreal. Realization of the best eth, employees with, and others. Unreal feedback such as employees work in many expectations.

e. Employee Relations
   Last factor that affect retention of employees based on employee relations in the organization. Areas such as feasibility of HR policies, fairness of disciplinary action, and the means used to decide the employment and job opportunities, all influence the retention of employees.

   According to Robert L. Mathis and John H. Jackson (2006, p.113) performance is affected by three main factors:
   a. Individual ability to do the job.
      This includes the ability of individual employee talents, interests and personality factors. Individual ability level, is the raw material owned by an employee such as knowledge, understanding, skills, interpersonal skills, and technical prowess. Thus, the possibility that an employee will have good performance is if the employee has sufficient individual capabilities.
   b. Level of effort devoted
      Efforts of employees for companies is their work ethic, attendance and motivation. Level of effort, is the picture shown employee motivation to finish the job properly. Therefore, although individual employees have the ability to do the job, but it will not work without the shedding of low effort.
   c. Organizational support
      In organizational support, what the company means facilities provided for employees can be a training and development, equipment and technology, and management.

![Diagram of Employee Retention and Performance](source: Researcher (2011))
Hypothesis
According to Sekaran (2006, p.135), the hypothesis can be defined as logically expected relationships between two or more variables are expressed in the form of questions that can be tested.

These relationships can be estimated based on the network of associations that can be specified in theoretical frame formulated for research. The researchers hypothesized that design is a hypothesis which is associative, which explains how the relationship and the influence or contribution between the variables.

Here is the hypothesis that the researchers designed in this study:

For T-1: No significant impact or contribution between Compensation (X1), Conflict Management (X2) to the Employee Retention (Y) and their impact on employee performance (Z) simultaneously.

For T-2: No significant impact or contribution between Compensation (X1), Conflict Management (X2) to the Employee Retention (Y) and their impact on employee performance (Z) partially.

Research Method
This research done by associative method. This associative research can determine the relationship between the variables in question and how the level of dependency between the independent variables with the dependent variable. In this study, it is to investigate the influence of Compensation and Conflict Management on Employee Retention and Its Impact on Employee Performance at Pacific Jaya Niaga Company by conducting interviews, observations, and questionnaires. The intended unit of analysis are permanent employees of Pacific Jaya Niaga Company. Time horizon used is cross-sectional, a study that be done with data collected only once during the period may be daily, weekly, or monthly (Sekaran, 2006, p.177). In this study, data collection is done by distributing questionnaires and interviews. The scope of which is the object of research by the authors are permanent employees Pacific Jaya Niaga Company, researchers also conduct data collection with a literature study that serve as the foundation of theory, as well as other resources obtained from the Internet media, journals - journals and books. The census is a data collection in which all elements of the population investigated one by one. There are two reasons for the census: (1) A study of the census will be worth it if the population is relatively small and (2) a census study is required only if the unit element of the population vary widely. Based on the above reasons, then in this research used census, because the unit element of the population vary widely. Therefore, the authors used census methods in his research at Pacific Jaya Niaga Company. The population in this study amounted to 100 employees. Data obtained will be processed using SPSS software (Statistical Product and Service Solution). The analysis begins with the validity, reliability, normality and then transformed. From the results of the questionnaire obtained data were analyzed further by using path analysis (Path Analysis).

Validity Test: performed with respect to the accuracy of measuring instruments are measured against the concept that actually measure what it should be measured. With regard to testing the validity of the instrument according to Riduan (2008, p.109-110) explains that validity is a measure that indicates the level of reliability of a measuring instrument. To test the validity of measuring instruments, first sought a correlation between the price of the parts of the measuring instrument as a whole by correlating each item with total score measuring instrument which is the sum of each score point. To calculate the validity of a measuring tool used the formula:

\[
\text{Reliability Test} = \frac{\text{rho}_{ij}}{\text{rho}_{ij}^*}
\]

where:
- \(\text{rho}_{ij}\) = coefficient of correlation
- \(\Sigma_x\) = Total score of item
- \(\Sigma_y\) = Number of total score
- \(n\) = Number of respondents

Reliability Test: reliability test is the confidence in measurement. Measurements that have been measured under the condition is called measurement reliability. According to Sekaran that reliability (reliability) indicates the extent to which a measurement is performed (error free). Therefore, the measurement across the diverse of items in the domain to be done. Instrument reliability conducted to obtain the instruments used. In the techniques Cronbach’s \(\alpha\) used the formula of alpha.

Where:
- \(R_{11}\): Value Reliability
- \(\Sigma_i\): The amount of validation item
- \(k\): Number of items

Normality test: the normality test is one of the most frequently used test. This distribution is very different from the distribution of the data. To test the data point to meet the conditions of normal parametric analysis. Normality test is generally detected using a graphical test. To detect the data can be done with the use of Smirnov through the median, the non-parametric test

\[
N_S = \frac{\text{Density at } \mu}{\text{Area Below } U}
\]
questionnaires and of which is the object authors are permanent
Niaga Company, yet data collection with
that serve as the
, as well as other
on the Internet media,
books. The census is
dichotomous elements of the
one by one. There
the census: (1) A study
be worth it if the
small and (2) a
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unitulation vary widely.
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used census methods
Pacific Jaya Niaga
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loyeys. Data obtained
using SPSS software
and Service Solution).
with the validity,
y and then
the results of the
1 data were analyzed
path analysis (Path

**Reliability Test**: means a level of
confidence in measurement results.
Measurements that have high reliability, i.e.,
the measurement is capable of providing a
trusted measurement results (real). According
to Sekaran (2006, p.40) states that reliability
(reliability) of a measurement indicates the
extent to which the
measurement is performed without bias
(error free). Therefore, to ensure consistent
measurement across time and across
the diversity of items in the instrument needs to
be done. Instrument reliability test were
conducted to obtain the level of precision
instruments used. In this study using
techniques Cronbach’s Alpha ($\alpha$). Following
the formula of alpha.

Where:
R11: Value Reliability
$\Sigma$1i: The amount of variance score for each
item
k: Number of items

**Normality Test**: The normal distribution
is one of the most frequently used in statistics.
This distribution is very important, because
many statistical tests that require normal
distribution of data. Test the normality of the
data point to meet most requirements
parametric analysis. Normality of a variable
is generally detected by a graph or a
statistical test. To detect the normality of the
data can be done with the Kolmogorov-
Smirnov through the menu and then analyze
the non parametric test and select the sub

\[
\rho_{hitung} = \frac{n(\Sigma X_iY_i) - (\Sigma X_i)(\Sigma Y_i)}{\sqrt{n(\Sigma X_i^2 - (\Sigma X_i)^2/2)\sqrt{n(\Sigma Y_i^2 - (\Sigma Y_i)^2/2)}}}
\]

where:
$\rho_{hitung}$ = coefficient of correlation
$\Sigma X_i$ = Total score of items
$\Sigma Y_i$ = Number of total score
n = Number of respondents

1-sample KS, with hypotheses testing,
namely:

*H₀*: The data were normally distributed
*H₁*: Data not normally distributed

**Basis for decision making:**

1) The value of significance (sig) or a
probability value $<0.05$, data not
normally distributed

2) The value of significance (sig) or a
probability values $>0.05$, data are
normally distributed.

**Data transformation**: According Riduwan
and Kuncoro (2008) in Sarjono, and Windu
Haryadi book Julianita (2011, p.12), aims to
transform the data interval to meet most of
requirements parametric analysis, where
data is at least an interval scale. The
simplest transformation technique is to use
MSI (Method of Successive Intervals). MSI
is a method used to transform data from
ordinal into interval with the following
steps.

1. Note any items from the questionnaire
answers correspondents spread.
2. At each point, determined the number
of people who score 1, 2, 3, and 4-
called frequency.
3. Each frequency divided by the number
of respondents and the result is called
a proportion.
4. Determine the value of the cumulative
proportion by summing the values in a
row per column proportion score.
5. Use the normal distribution table,
calculate the Z value for each
proportion then obtained.
6. Determine the high value of density for
each value of Z is obtained (by using
high-density table).
7. Determine the value of scale by using
the formula:

\[
NS = \frac{(\text{Density at Lower Limit}) - (\text{Density at Upper Limit})}{(\text{Area Below Upper Limit}) - (\text{Area Below Lower Limit})}
\]
1. Determine the value of transformation by the formula:

\[ Y = X_5 + [1 + 5S_{m,x}] \]

From the analysis above, we find the contribution of variable - the variable to the Employee Performance and Employee Retention at Pacific Jaya Niaga Company, so that can know the effort required to improve employee performance and retention on Pacific Jaya Niaga Company through factors - factors that are researched, viewed from the aspects - aspects that are indicators of each variable.

Path Analysis - The steps to test Path Analysis as follows:
1. Formulate hypotheses and structural equation
2. Calculate the path coefficients based on regression coefficients
3. Calculate the path coefficients simultaneously (overall)
4. Rule of significance testing manually:
   Using Table F

\[ F = \frac{(n - k - 1) \bar{R}_{xy,k}^2}{K(1 - \bar{R}_{xy,k}^2)} \]

Description:
\( n \) = sample number
\( k \) = number of endogenous variables
\( R_{xy,k} \) = R square

If \( F \) is greater than \( F \) tab then reject Ho means significant and Ho received less than \( F \) iber because \( F \) means not significant. With the significant level (\( \alpha \)) = 0.05

Find the value \( F \) tab using Table F by using the formula:
\( F \) tab = \( F \) (1 - \( \alpha \) - (\( \alpha \) - n - k - 1)) or \( F \) (1 - \( \alpha \) - (\( \alpha \) - n - k - 1))

5. Rule of significance testing: using SPSS Program

(a) If the probability value of 0.05 is less than or equal to the probability Sig or [0.05 \( \leq \) Sig], then Ho is accepted, Ha rejected means insignificant.
(b) If the probability value of 0.05 is greater than or equal to the probability Sig or [Sig \( \geq \) 0.05], then Ho is rejected and Ha accepted, that is significant.

6. Calculate the individual path coefficients
Research hypotheses to be tested are formulated into the following statistical hypotheses:

Ho: \( \beta_1 \) = 0
Ha: \( \beta_1 \) \( \neq \) 0

Individual statistical tests used were t test calculated by the formula:

\[ t_k = \frac{\beta_k}{\delta_k}; (dk = n - k - 1) \]

Description:
SepX1 statistics obtained from the computational results in SPSS for the regression analysis after the data is transformed into ordinal intervals. Furthermore, to know the significance of path analysis to compare between the probability Sig with the basic decision-making as follows. If the probability value of 0.05 is less than or equal to the probability Sig or [0.05 \( \leq \) Sig], then Ho Ha accepted and rejected, it means not significant.
If the value of 0.05 probabilitas greater than or equal to the probability Sig or [Sig \( \geq \) 0.05], then Ho is rejected and Ha accepted, that is significant.

7) Conclusion
Then after we got the result of the calculation then be made Summary of research results are then analyzed and concluded that the study is useful for decision making.
value of 0.05 is less probability Sig or [0.05 accepted, Ha rejected, 
value of 0.05 is greater probability Sig or [Sig ≥ 
ed and Ha accepted, 
ul path coefficients to be tested are following statistical 

\[ t = \frac{\bar{x} - \mu}{s / \sqrt{n}} \]  

Stat tests used were t test 

\[ k - 1 \]  

Obtained from the in SPSS for the after the data is ordinal intervals, 
the significance of the basic decision the probability value 
1 or equal to the \[ \text{Sig} \] then Ho Ha 
and, it means not 
probability greater than 
ility Sig or [Sig ≥ 
ed and Ha accepted, 
the result of the 
made Summary of then analyzed and 
y study is useful for 

After transformed, questionnaire answer data is processed using validity test, reliability test, normality test and finally path analysis.

Table 3. Transformed Value of Employee Retention (Y)

<table>
<thead>
<tr>
<th>Answer Option (Ordinal)</th>
<th>New Value (Interval)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2,246</td>
</tr>
<tr>
<td>3</td>
<td>3,850</td>
</tr>
<tr>
<td>4</td>
<td>4,134</td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 4. Transformed Value of Employee Performance (Y)

<table>
<thead>
<tr>
<th>Answer Option (Ordinal)</th>
<th>New Value (Interval)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2,144</td>
</tr>
<tr>
<td>3</td>
<td>3,263</td>
</tr>
<tr>
<td>4</td>
<td>3,952</td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 5. Validity Test of Compensation (X1) 30 Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of question</th>
<th>Corrected Item – Total Correlation</th>
<th>R Table</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation (X1)</td>
<td>P1</td>
<td>0.686</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P2</td>
<td>0.629</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P3</td>
<td>0.549</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P4</td>
<td>0.583</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P5</td>
<td>0.326</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P6</td>
<td>0.411</td>
<td>0.31</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 6. Validity Test of Conflict Management (X2) 30 Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of question</th>
<th>Corrected Item – Total Correlation</th>
<th>R Table</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict Management</td>
<td>P7</td>
<td>0.684</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P8</td>
<td>0.699</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P9</td>
<td>0.690</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P10</td>
<td>0.702</td>
<td>0.31</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>P11</td>
<td>0.499</td>
<td>0.31</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Research (2011)
Table 7. Validity Test of Employee Retention (Y) 30 Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of question</th>
<th>Corrected Item - Total Correlation</th>
<th>R_Table</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention (Y)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P12</td>
<td>0.714</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P13</td>
<td>0.674</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P14</td>
<td>0.322</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P15</td>
<td>0.577</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P16</td>
<td>0.474</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 8. Validity Test of Employee Performance (Z) 30 Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of question</th>
<th>Corrected Item - Total Correlation</th>
<th>R_Table</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance (Z)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P17</td>
<td>0.694</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P18</td>
<td>0.668</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>P19</td>
<td>0.678</td>
<td>0.31</td>
<td>Valid</td>
<td></td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 9. Reliability Test of 30 Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation (X₁)</td>
<td>0.755</td>
<td>Reliable</td>
</tr>
<tr>
<td>Conflict Management (X₂)</td>
<td>0.832</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Retention (Y)</td>
<td>0.776</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Performance (Z)</td>
<td>0.823</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Research (2011)

Table 10. Normality Test of Compensation on 70 respondents (X₁)

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov²</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Compensation</td>
<td>.074</td>
</tr>
</tbody>
</table>

Tests of Normality

a. Lilliefors Significance Correction

* This is a lower bound of the true significance.

Source: Research (2011)

Table 11. Normality Test of Conflict Management on 70 Respondents (X₂)

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov²</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Conflict Management</td>
<td>.104</td>
</tr>
</tbody>
</table>

Tests of Normality

a. Lilliefors Significance Correction

Source: Research (2011)

Table 12. Normality Test of Employee Retention on 70 Respondents (Y)

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov²</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>.097</td>
</tr>
</tbody>
</table>

Tests of Normality

a. Lilliefors Significance Correction

Source: Research (2011)

---

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Table 13. Normality Test of Rata2x1 and Rata2x2

<table>
<thead>
<tr>
<th>Model</th>
<th>Predictor(s)</th>
<th>R²</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Containing</td>
<td>0.951</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>rata2x1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>rata2x2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From ANOVA Table, Rata2x1 and Rata2x2 are significant.

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Table 13. Normality Test of Employee Performance on 70 Respondents (Z)

<table>
<thead>
<tr>
<th>Tests of Normality</th>
<th>Kolmogorov-Smirnov*</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>.105</td>
<td>70</td>
</tr>
</tbody>
</table>

a. Lilliefors Significance Correction

Source: Research (2011)

Path Analysis Effect of Compensation and Conflict Management on Employee Retention and its impact to Employee Performance simultaneously at Pacific Jaya Niaga Company

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.975*</td>
<td>.951</td>
<td>.949</td>
<td>.105350</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), rata2y, rata2x1, rata2x2
b. Dependent Variable: rata2z
Source: Research, 2011

From Table above, it is known the effect of Compensation ($X_1$) and Conflict Management ($X_2$), and Employee Retention ($Y$) to Employee Performance ($Z$) is as much as $R^2 = 0.951 = 95.1\%$ and effect of another variable on Employee Performance that not been researched is $4.9\% = 0.049$.

$$
\rho_{z,y} = \sqrt{1 - R^2} = 1 - 0.951 = \sqrt{0.221}
$$

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>14.285</td>
<td>3</td>
<td>4.762</td>
<td>429.015</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>.733</td>
<td>66</td>
<td>.011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15.017</td>
<td>69</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), rata2y, rata2x1, rata2x2
b. Dependent Variable: rata2z
Source: Research, 2011

From ANOVA Table above, we know the effect of every variable ($X_1$, $X_2$, $Y$) to $Z$ is significant.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>1.041 *</td>
<td>.419</td>
<td>2.481</td>
<td>.016</td>
</tr>
<tr>
<td>rata2x1</td>
<td>.279</td>
<td>.136</td>
<td>.229</td>
<td>2.055</td>
</tr>
<tr>
<td>rata2x2</td>
<td>.396</td>
<td>.105</td>
<td>.419</td>
<td>3.763</td>
</tr>
</tbody>
</table>

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Conclusion
According to the results, the effect of Compensation Management on Employee Retention and Performance and secondly on Employee Performance and thirdly on Employee Retention and performance. Companies must use their most influential factors to improve employee performance and retention and perform better. Performance and retention are key factors in the success of a company. Companies must focus on these factors to improve their performance and retention.


Conclusion

According to the result from path analysis on effect of Compensation and Conflict Management on Employee Retention and its impact on Employee Performance at Pacific Jaya Niaga Company is:

Conflict Management unexpectedly is the most influencing factor on Employee Performance and second influencing factor to employee retention. To alter employee retention and performance rate, company must use their most influencing factor which is conflict management. They must give more attention to conflict management within the company, nevertheless still giving attention to compensation although is not the primary factor to influence, compensation still having its own contribution to both employee retention and performance. Employee retention also increasing and most influencing on employee performance rate, because the longer high performance employee stay within the company more benefit company can get.

Finding of this research is compensation which seems to have direct and visible effect to employee is not the main factor to influence their motivation to work. Moreover, conflict management which have indirect and invisible effect must given more attention than compensation. Company must focus on having long term effect of action and giving more concern to employee wellness instead of their financial problem.

Suggestion of this research is company can increase employee performance by:

a) Giving more concern to employee retention by giving what employee want, not imprison them against their own will. Create culture that appreciate each employee on company so they become more and more loyal to company. Company also have to set high performing employee their career opportunities so they get more motivated to giving their best performance at all times. Task and work design must be clear and have supporting work condition to make employee like to work within the company.

b) Conflict management within the company must be more oriented on employee comfort to feel safe and protected. Company must have excellent skill on negotiating, evaluating value, and giving win – win solution when there are conflict on company so the conflict will be over faster and not giving negative impact to the company.

c) Compensation on Pacific Jaya Niaga Company must be altered to be more employee oriented by giving their own choice of compensation. This type of compensation is called cafeteria compensation, where employee free to choose their own benefit from company. This type of compensation is rated most effective to satisfy employee because each employee have different needs and desire.

Reference


