

THE IMPACT OF OUTSOURCING WORK SYSTEM (CONTRACT) AND COMPENSATION FOR EMPLOYEE PERFORMANCE *OUTSOURCING* AT THE STATE SAVINGS BANK MEDAN BRANCH

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Abstract: This study aims to determine: (1) The influence of the outsourcing work system (contract) and compensation on the performance of outsourcing employees at Bank Tabungan Negara KC Medan. (2) The influence of the outsourcing work system (contract) on the performance of outsourcing employees at Bank Tabungan Negara KC Medan. (3) The influence of compensation on the performance of outsourcing employees at Bank Tabungan Negara KC Medan. The research method used in this study is the associative method with a quantitative approach. The population in this study were outsourcing employees at Bank Tabungan Negara KC Medan. The sampling technique used the probability sampling technique with the proportionate stratified random sampling method with a sample size of 52 outsourcing employees. The data collection technique used a questionnaire that had been tested for validity and reliability. The data analysis technique used to answer the hypothesis was multiple linear regression. The results of this study indicate that: (1) The outsourcing work system (contract) and compensation simultaneously have a positive and significant effect on employee performance where the coefficient value of F count ($15.557 > F$ table 3.19) and is significant at $(0.000) < (0.05)$. (2) The outsourcing (contract) work system partially has a positive and significant effect on employee performance where the coefficient value has a coefficient (β_1) of $0.277 > 0$ with t count ($2.167 > t$ table 1.676) and significant $(0.035) < (0.05)$. (3) Compensation partially has a positive and significant effect on employee performance where the coefficient (β_1) is $0.289 > 0$, with t count ($3.378 > t$ table 1.676) and significant $(0.001) < (0.05)$.

Keywords: Outsourcing Work System (Contract), Compensation, and Employee Performance.

Introduction

Indonesia is a developing country. In the era of globalization, Indonesia will face various tough challenges, this is because in the era of globalization Indonesia competes with developed countries that excel in all aspects, one of which is the aspect of human capabilities. Companies can achieve success determined by several aspects, one of which is the aspect of human resources.

Human resources are one of the important aspects in a company or organization to be able to run. Companies or organizations in order to develop and win the competition in the era of globalization, one of the ways is by improving the quality of human resources, this will have an impact on the quality of employee performance in the company.

The success of the company comes from the performance of employees, therefore it is important for the company to pay attention to employee performance, this is also useful for

maintaining and maintaining employees who have good performance so that the company can continue to grow. The system used by the company is certainly made so that employees are satisfied so that it can improve employee performance.

According to Dunggio & Basri (2019, p. 167) performance is the result of a person's work based on the tasks given with the established standards. According to Ratnasari, Buulolo, & Nasrul (2020, p. 17), performance is the result of work achieved by an individual that is adjusted to the role or task of the individual in the company in a certain period of time, which is linked to a certain measure of value or standard of the company where the individual works.

Based on the results of the Pre-Survey on the performance of outsourcing employees, it can be seen that in the first statement, employees gave more no responses, namely 56 percent, and gave yes responses of 44 percent. This shows that more employees do not improve the quality of their work after the changes in regulations that occurred in the company. In the second statement, employees gave yes responses of 71 percent and no responses of 29 percent regarding the understanding of tasks ordered by superiors. In the third statement, employees gave yes responses of 59 percent and no responses of 41 percent regarding the completion of work according to the time specified when changes in regulations in the company were determined. In the fourth statement, employees gave more yes responses of 71 percent and no responses of 29 percent regarding the lack of mastery in the field of work, but will continue to learn in their respective fields of work and in the fifth statement, employees were balanced in giving yes responses of 50 percent and no responses of 50 percent regarding employees who are still willing to carry out their duties and work without being ordered by superiors even though there are changes in compensation and contract work systems, this shows that there is a change in employee performance after changes in regulations that occur in the company.

According to Hidayati, Faqurrowzi, & Tanjung (2022, p. 134) stated that after the enactment of Law Number 11 of 2022 concerning Job Creation, the term outsourcing changed from handing over part of the work to another company to outsourcing. Where this Law no longer limits the types of work that can be outsourced. And the Job Creation Law also eliminates various provisions relating to employee contract agreements or service providers. employee protection, wages and benefits, working conditions and any disputes that arise are carried out at least in accordance with statutory provisions and are the responsibility of the company providing the work services.

Efforts made by companies to meet employee needs by using an outsourcing system or outsourcing system. The outsourcing work system according to Wulandari (2021, p. 21) is an employment relationship agreement made by workers/laborers with employers which contains work conditions, rights and obligations of the parties for a certain period of time. According to Dunggio & Basri (2019, p. 169) the outsourcing work system (contract) is an employment contract made by a company with employees for a certain period of time based on an agreement between the two parties.

The phenomenon related to the outsourcing work system at Bank Tabungan Negara KC Medan is like the change in the outsourcing work system regulations that were only implemented in July 2022. In the old work system regulations, outsourcing employees who had been working at BTN for quite a long time became PKWTT employees or permanent employment relationships, but now the regulations have changed to all outsourcing employees becoming PKWT employees or temporary employment relationships (contracts).

According to Lestari (2022, p. 348), the regulations regarding fixed-term employment agreements (PKWT) have undergone changes, deletions and additions in several articles in Law No. 11 of 2020 concerning Job Creation and then explained in PP No. 35 of 2021, one of which is regarding changes in compensation or severance pay for PKWT workers/laborers which are still widely misused by companies.

Basically, for this system, employees do not receive any compensation at all. This is because each company has a compensation system that is adjusted to the circumstances or conditions that occur in the company. According to Sulaeman, Suryani, Sularmi, & Guruh (2021, p. 139), compensation is a reward given by the company to employees, either in the form of money or goods, directly or indirectly. The definition of compensation according to Apriani (2017, p. 4) is what an employee/staff receives in return for the work he/she is given.

So from the explanation regarding compensation, it can be concluded that compensation is a reward for services given by a company or organization to employees as a replacement for the contribution of services that have been given by employees to the company or organization.

The compensation given by Bank Tabungan Negara to permanent employees in addition to their basic salary, they also get leave money, health insurance that has been fully covered by the company, THR which is given once a year, and finally they get a production service bonus which is also given once a year, this production service bonus can also be given in an amount of 5 times the salary received if the performance given by the employee gets a grade A which means the performance results given by the employee are good.

While the compensation received by outsourcing employees in addition to basic salary is an incentive of 1 (one) month's salary, leave money of 1 (one) month's salary and THR of 2 (two) months' salary, all of which are given once a year, this is the compensation received by outsourcing employees in the old contract work system. However, after the new contract work system, the compensation received by outsourcing employees is only basic salary, overtime pay and THR, with the provision of compensation given the company can improve employee performance by providing compensation, this is also useful for the company to control the risk of poor quality, because by providing this compensation it can support the quality and quantity of employee performance results.

Previous research on the outsourcing work system by Wulandari (2021, p. 96) showed that the outsourcing work system can affect employee performance. In the study, there was a positive and significant influence between the outsourcing work system (contract) on employee performance.

Based on the results of the pre-survey on the outsourcing work system, it can be seen that in the first statement, namely, employees gave more yes responses, namely 82 percent, and no responses, namely 18 percent. This shows that it is true that when making a work contract, the agreement is made by mutual agreement, namely between the first party and the second party. In the second statement, employees gave more yes responses, namely 74 percent, and no responses, namely 26 percent. This shows that it is true that many employees feel disappointed with the changes in the work system in the company. In the third statement, employees gave more yes responses, namely 76 percent, and no responses, namely 24 percent. This shows that it is true that many employees feel anxious about the contract period given by the company. In the fourth statement, employees gave more no responses, namely 56 percent, and yes responses, namely 44 percent. This shows that there are still many employees who have not received the rights in accordance with their obligations in carrying out their work.

Based on the results of the pre-survey on compensation, it can be seen that in the first statement, namely, employees gave more yes responses, namely 53 percent. This shows that many employees feel that the salary/wages they receive cannot meet their daily needs. In the second statement, employees gave more no responses, namely 74 percent. This shows that many employees are not satisfied with the benefits they receive from the company. In the third statement, employees gave more yes responses, namely 79 percent. This shows that many employees are disappointed with the changes in compensation provided by the company, such as not providing incentive money and leave money. In the fourth statement, employees gave the same number of responses, namely yes by 50 percent and no by 50 percent. This shows that

some employees are satisfied with the pension funds provided by the company and there are also some employees who are not satisfied with the pension funds provided by the company.

Judging from the pre-survey research data, there are still many employees who feel disappointed with the outsourcing work system and compensation provided by the company, which can reduce employee enthusiasm for work. This is likely to have an impact on the performance produced by employees in completing each task and responsibility assigned to them. This is also in line with research by Nurkholidah, Andala, & Amalia (2022, p. 39) which states that changes to regulations from several articles contained in the Job Creation Law still have a negative impact on workers or laborers if implemented in companies. In article 28D paragraph (2) which states that "everyone has the right to work and receive fair and proper compensation and treatment in employment relationships". Because outsourcing employees are an important part of the company.

Literature Review

Definition of Outsourcing Work System (Contract)

According to Law No. 13/2003 concerning Manpower, it is an agreement between workers/laborers and employers or employers that contains the terms of employment, rights, and obligations of the parties. The definition of an outsourcing work system (contract) according to Wulandari (2021, p. 21) is an employment relationship agreement made by workers with employers that contains the terms of employment, rights and obligations of the parties for a certain period of time.

According to Dunggio & Basri (2019, p. 169) states that the outsourcing work system (contract) is a work contract carried out by a company with employees for a certain period of time based on an agreement between the two parties. According to Ngantung & Worung (2017, p. 52) outsourcing is the delegation or transfer of several business processes or work to a third party, namely a service provider company according to the agreed agreement.

According to Lubis (2019, p. 12) contract employees (outsourcing) are employees who are assigned to complete routine company work, and there is no guarantee of their continued employment. According to Junianto & Sabtohadhi (2020, p. 2) PKWT employees are also referred to as non-permanent employees who work according to an agreement between the employer and the worker themselves.

Types of Employment Contracts

According to Lubis (2019, p. 10) based on its form, employment contracts are divided into two types, namely:

1. Oral/Unwritten Form
2. Form of Writing

Based on the time, employment contracts are divided into two, namely:

1. Fixed Term Employment Agreement (PKWT) yes It is an employment agreement between workers and employers to establish an employment relationship for a certain time or for certain workers.
2. Indefinite Term Employment Agreement (PKWTT), based on article 1 number 2 of the Decree of the Minister of Manpower and Transmigration of the Republic of Indonesia Number KEP.100/MEN/VI/2004 Concerning Provisions for Implementing Fixed Term Employment, the definition of an Indefinite Term Employment Agreement (PKWTT) is an employment agreement between employees and employers to establish a permanent employment relationship. The workers are often referred to as permanent employees.

Outsourcing Work System Indicators

According to Junianto & Sabtohadhi (2020, p. 3), the indicators of the PKWT (contract) system are as follows:

1. Employment contract agreement.
2. Duration of work.
3. Rights and obligations.
4. Wage system.

According to Kasmir (in Wulandari, 2021, p. 26), the indicators for measuring the outsourcing work system are as follows:

1. Legal Basis of Employment Contracts
which is stated in Law Number 13 of 2003.
2. Agreement
 - a. An employment contract is an agreement between the employer and the employee.
 - b. The employment contract is in accordance with the work period and the employment contract is in accordance with the company's work system.
3. Ability or Skill
 - a. Employment contracts are measured based on legal capacity.
 - b. Employment contracts are drawn up based on legal capacity.
4. Contracted Work
 - a. The work contract provided is in accordance with the work promised.
 - b. Changes to the employment contract according to work results.
 - c. Changes to employment contracts based on work standards.
5. No Contradictions
 - a. The employment contract does not conflict with the provisions of the Law.
 - b. The employment contract does not conflict with public order.
 - c. The employment contract does not conflict with immorality.

Definition of Compensation

According to Nurhadiyanti (2019, p. 23) compensation is the total reward received by employees as a result of carrying out work in the organization in the form of money or others. In the form of salary, wages, bonuses, incentives and other benefits, such as accident allowances and holiday allowances.

According to Pradita (2017, p. 154) compensation is an important and strategic policy in an organization because it is directly related to increasing work enthusiasm and employee performance in a company. Compensation according to Nugraha & Tjahjawati (2017, p. 26) is a reward given by the company for the performance given, both financial and non-financial compensation.

From several definitions of compensation, it can be concluded that compensation is something given by a company to its employees as a reward for the contribution that has been given by the employee, compensation is not only in the form of money but also in the form of non-money.

Compensation Indicators

Hakim & Muhdi (2019, p. 107) explain compensation indicators are:

1. Salary and Wages
This is compensation given by a company to an employee periodically.
2. Benefits and Services
It is compensation given because employees are considered to have participated well in achieving company goals. Examples: position allowance, family allowance, transportation allowance, and housing allowance.

3. Incentive

It is compensation given to employees for their successful achievements.

4. Complementary Compensation (*Fringe Benefits*)

It is compensation that is given that is not directly related to the work results of the employee concerned. This complementary compensation is usually referred to as indirect compensation. Examples: health compensation, transportation compensation, old age benefits, rice compensation and others.

Meanwhile, according to Noe (in Lubis, 2019, p. 20), there are several compensation indicators, namely:

1. Salary, which is a financial reward paid to employees on a regular basis such as annually, quarterly, monthly or weekly.
2. Incentives, which are rewards paid to employees for their performance exceeding specified standards. Assuming that money can be used to encourage employees to work harder, productive employees prefer to be paid based on their work results.
3. Indirect compensation, which is indirect compensation given to employees, usually includes health insurance, leave, retirement, education plans and so on.

Employee Performance Definition

According to Pradita (2017, p. 156) performance is a normative element that reflects the behavior of salespeople, whether or not it is in accordance with the company's goals. According to Nurhadiyanti (2019, p. 30) performance is an achievement of the level of achievement of work implementation carried out by a person in realizing the goals, vision and mission of an organization through strategic planning.

According to Nurjannah (2021, p. 9) employee performance is the result achieved by employees in carrying out a job given to them, both in quantity and quality through procedures that focus on the goals achieved and the fulfillment of performance standards. According to Wulandari (2021, p. 40) performance is a work result that has been achieved by an individual or group in carrying out their respective responsibilities and functions to achieve the goals and success of the organization or company.

From several definitions, it can be concluded that the definition of performance is the work results that have been achieved by employees in carrying out a task that has been given by an organization or company that is connected to a measure of value or standard that has been set by the company in achieving the goals of the organization or company in order to achieve the company's success.

Performance Measurement

According to Ulfa & Ridwan (2015, p. 313) performance measurement is a process of assessing work progress towards achieving predetermined goals and objectives, including information on service efficiency, comparison of activity results with targets, and effectiveness of actions in achieving goals. According to Susetyo (in Lubis & Amalia, 2021, p. 73) states "Performance measurement is an activity that continuously monitors and observes the achievement of programs, especially towards the progress of achieving the company's long-term goals", or has the meaning "Performance measurement is an activity that continuously monitors and observes the achievement of programs, especially towards the progress of achieving the company's long-term goals".

Performance measurement can be done using the Human Resources Scorecard (HRSC) method, which is a form of human resource measurement that tries to clarify the role of human resources in detail as something that has so far been considered intangible to measure the extent of its role in achieving the company's vision, mission and strategy.

Performance Indicators

According to Bukhari and Pasaribu (in Nurjannah, 2021, p. 14) the indicators used to measure individual employee performance are as follows:

1. Quality (*Quality of work*), namely, the quality of the work produced can satisfy the user or not, so that it is used as a work standard.
2. Communication (*Communication*), namely the ability of employees to communicate well with consumers.
3. Speed (*Promptness*), namely the speed of work measured by the level of time, so that employees are required to work quickly to achieve satisfaction and work improvement.
4. Ability (*Capability*), namely the ability to do work as optimally as possible, maximized with the intention of increasing the results of each unit in the use of resources.
5. Initiative (*Initiative*), namely that each employee is able to solve their own work problems so that there is no infertility in the work.

Conceptual Framework

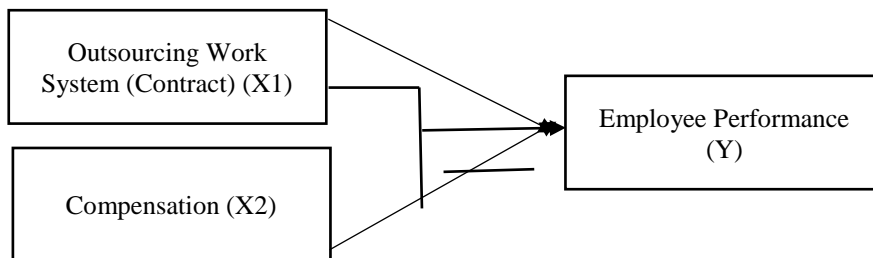


Figure 1. Conceptual Framework

Research Methods

This type of research is research with an associative method with a quantitative approach. This research was conducted at Bank Tabungan Negara KC Medan. While the time of this research was conducted from January to April 2023. The operational definition of the variables in this study can be described as follows:

1. The independent variables in this study are:
 - a. SOutsourcing Work System (X1)
According to Dunggio & Basri (2019, p. 169), the outsourcing work system (contract) is a work contract carried out by Bank Tabungan Negara KC Medan with outsourcing employees for a certain period of time based on an agreement between the two parties.
 - b. Compensation (X2)
According to Nugraha & Tjahjawati (2017, p. 26) Compensation is a reward given by Bank Tabungan Negara for the performance provided by outsourcing employees, both financial and non-financial compensation.
2. Variables bound or dependent in this study is employee performance where According to Wulandari (2021, p. 40) Performance is a work result that has been achieved by outsourcing employees in carrying out their respective responsibilities and functions in order to achieve the goals of Bank Tabungan Negara to achieve its success which is linked to a measure of value or standard that exists at Bank Tabungan Negara KC Medan.

Measurement of each variable in this study uses a Likert scale. The population in this study were outsourcing employees at Bank Tabungan Negara KC Medan totaling 110 people

consisting of 6 types of jobs. The sampling technique in this study used the Slovin formula with the probability sampling technique using the proportionate stratified random sampling method with a total of 52 people consisting of 6 work units.

The types of data used in this study are primary data and secondary data. While the data collection techniques used in the study are questionnaires, interviews, observations, and documentation studies.

Validity test was conducted on 30 outsourcing employees at Bank Tabungan Negara KC Medan outside the sample. Where for the results of the validity test with a total of 43 statement items is said to be valid because it has a calculated r value greater than the r table value (0.361). Furthermore, for reliability, it was conducted on 30 outsourcing employees at Bank Tabungan Negara KC Medan outside the sample. Where for the results of the reliability test with a total of 43 statement items from the three variables, it is said to be reliable because it has a Cronbach's Alpha value > 0.70.

The data analysis technique used in the study was multiple linear regression analysis, using classical assumption tests consisting of normality tests, multicollinearity tests, heteroscedasticity tests, and coefficient of determination (R²), and the hypothesis testing used was simultaneous significance tests (F-test) and partial significance tests (t-test).

Results and Discussion

Multiple Linear Regression Analysis

Table 1. Results of Multiple Linear Regression Analysis

| Model | | Coefficients ^a | | | | | | |
|-------|------------------------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
| | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 33,147 | 5,540 | | 5,983 | 0,000 | | |
| | Outsourcing Work System (Contract) | 0.277 | 0.128 | 0.279 | 2,167 | 0.035 | 0.752 | 1,330 |
| | Compensation | 0.289 | 0.086 | 0.435 | 3,378 | 0.001 | 0.752 | 1,330 |

a. Dependent Variable: Employee Performance

Based on Table 1, the multiple linear regression equation obtained is:

$$Y = 33.147 + 0.277 X_1 + 0.289 X_2$$

The formula above can be explained as follows:

1. Constant value 33.147 shows that if the Outsourcing Work System (Contract) and Compensation are 0, then Employee Performance is 33.147.
2. The coefficient value of the Outsourcing Work System (Contract) is 0.277, a positive value. This can be interpreted that every time there is an increase in the Outsourcing Work System (Contract) (X₁) by 1 time, the Employee Performance level increases by 0.277.
3. Coefficient value Compensation of 0.289 is a positive value. This can be interpreted that every time there is an increase in Compensation of 1 time, the Employee Performance level increases by 0.289.

Classical Assumption Test

1. Test Normality

The Normality Test used consists of a histogram approach test, a graphic approach, and Statistical Analysis (Kolmogorov-Smirnov Test)

a. Histogram Approach

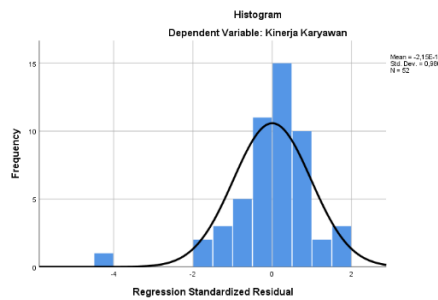


Figure 2. Histogram of Normality Test

Based on Figure 2, it is known that the data normality has been distributed normally, where the histogram image has a bell-shaped line and does not have a curve skew or slope to the left or right.

b. Graphical Approach

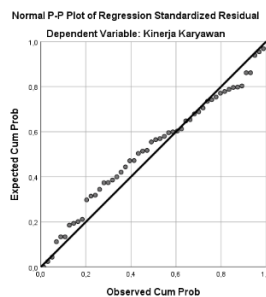


Figure 3. Probability-Plot Normality Graph

Based on Figure 3, the results of the normality test using the PP Plot image show that the data points for employee performance are spread following the data along the diagonal line. This means that the data is normally distributed.

c. Statistical Analysis (Kolmogorov-Smirnov Test)

Table 2. Results of the Kolmogorov-Smirnov Test for Normality
One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|--------------------------|----------------|-------------------------|
| N | | 52 |
| Normal Parameters a,b | Mean | 0.0000000 |
| | Std. Deviation | 4.61574114 |
| Most Extreme Differences | Absolute | 0.102 |
| | Positive | 0.096 |
| | Negative | -0.102 |
| Test Statistics | | 0.102 |
| Asymp. Sig. (2-tailed) | | ,200c,d |

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Liliefors Significance Correction.
- d. This is a lower bound of the true significance.

Based on Table 2, it can be seen that the Asymp.Sig value (2-tailed) is 0.200, where this value is greater than the significant value (0.50). This shows that the residual regression model is normally distributed.

2. Test Heteroscedasticity

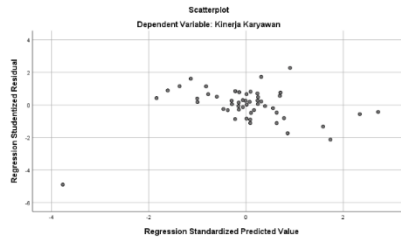


Figure 4. Scatterplot of Heteroscedasticity Test

Based on Figure 4 Scatterplot Graph of Heteroscedasticity Test, it can be seen that the points spread above and below the value 0 on the graph and spread far from the Y axis, and the points spread randomly. So it can be concluded that the data used in this study does not experience symptoms of heteroscedasticity.

3. Multicollinearity Test

The results of the multicollinearity test can be seen in Table 3 below.

Table 3. Multicollinearity Test Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------|------------------------------------|-----------------------------|------------|---------------------------|-------|--------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 33,147 | 5,540 | | 5,983 | 0,000 | | |
| | Outsourcing Work System (Contract) | 0.277 | 0.128 | 0.279 | 2,167 | 0.0035 | 0.752 | 1,330 |
| | Compensation | 0.289 | 0.086 | 0.435 | 3,378 | 0.001 | 0.752 | 1,330 |

a. Dependent Variable: Employee Performance

Based on Table 3, it can be seen that the Tolerance and VIF values for the independent variables are as follows:

1. Work System Variables *Outsourcing*(Contract) (X1) has a Tolerance value = 0.752 and a VIF value = 1.330.
2. Compensation Variable (X2) has a Tolerance value = 0.752 and a VIF value = 1.330.

Based on the calculation results above, it can be seen that the Tolerance value is greater than 0.1 and the VIF value is less than 10. So it can be concluded that there are no symptoms of multicollinearity in this study.

Testing the Coefficient of Determination (R2)

Table 4. Determination Test (R2) Model Summaryb

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .623a | 0.388 | 0.363 | 4.709 |

a. Predictors: (Constant), Compensation, Outsourcing Work System (Contract)

b. Dependent Variable: Employee Performance

Based on Table 4 it can be seen that:

1. Number R -square 0.363 which can be called the coefficient of determination which in this case means that 36.3 percent of employee performance can be obtained and explained by independent variables. While the remaining 100 percent - 36.3 percent = 63.4 percent is explained by other factors or variables outside the model.
2. The resulting R value is 0.623, which indicates a strong or strong relationship between independent and dependent needs. This is because the resulting R value is a range value 0.6–0.79. The greater the R value produced, the closer the relationship between the independent variable and the dependent variable.

Hypothesis Testing

Hypothesis testing is carried out in 2 ways, namely by using the Simultaneous Significance test (F-test) and the partial significance test (t-test).

1. Test Simultaneous Significance (F-Test)

Table 5. Results of Simultaneous Significance Test (F-Test)

| ANOVA | | | | | | |
|-------|------------|---------------|----|-------------|--------|-------|
| | Model | Sum of Square | Df | Mean Square | F | Sig. |
| 1 | Regression | 698,961 | 2 | 344,980 | 15,557 | ,000b |
| | Residual | 1086,558 | 49 | 22,175 | | |
| | Total | 1776,519 | 51 | | | |

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Compensation, Outsourcing Work System (Contract)

It can be seen from the results of the simultaneous significant test (F-Test) in Table 5, the regression coefficient value in F count is 15.557 with a significance value of 0.000 with the number of samples (n) in this study amounting to 52 respondents and the number of parameters is 3, so that $df1 = k-1 = 3-1 = 2$; $df2 = nk = 52-3 = 49$ is obtained, then at $\alpha = 0.05$ the F table is 3.19.

Based on Table 5, it shows that the F count value (15.557) > F table (3.19) and its significance (0.000) < (0.05), which means that the independent variables, namely the outsourcing work system variable (contract) (X1) and the compensation variable (X2) simultaneously or together have a significant effect on the dependent variable, namely the outsourcing employee performance variable (contract) (Y) at Bank Tabungan Negara KC Medan.

2. Partial Significance Test (t-Test)

Table 6. Results of Partial Significance Test (t-Test)

| Coefficients ^a | | | | | | | | |
|---------------------------|------------------------------------|-----------------------------|------------|---------------------------|-------|--------|-------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 33,147 | 5,540 | | 5,983 | 0,000 | | |
| | Outsourcing Work System (Contract) | 0.277 | 0.128 | 0.279 | 2,167 | 0.0035 | 0.752 | 1,330 |
| | Compensation | 0.289 | 0.086 | 0.435 | 3,378 | 0.001 | 0.752 | 1,330 |

a. Dependent Variable: Employee Performance

This study has a sample size (n) = 52 respondents, number of parameters (k) = 3, $df = (nk) = (52-3) = 49$, so at an error level of $\alpha = 0.05$, $t_{table} = 1.676$ is obtained.

Based on Table 6, it can be seen that:

1. Work system variables *outsourcing* (contract) has a regression coefficient value (β_1) = 0.277 > 0 with t count (2.167) > t table (1.676) and significance value (0.035) < (0.05). So the

- previous hypothesis (H1) is accepted. It can be concluded that partially the outsourcing work system (contract) has a positive and significant effect on the performance of outsourcing employees at Bank Tabungan Negara KC Medan. If the outsourcing work system (contract) (X1) is improved, the performance of outsourcing employees (Y) at Bank Tabungan Negara KC Medan will also increase significantly, and vice versa.
2. The compensation variable has a regression coefficient value (β_1) $0.289 > 0$, with tcount $(3.378) > t_{table} (1.676)$ and significance value $(0.001) < (0.05)$. So the previous hypothesis (H2) is accepted. It can be concluded that partial compensation has a positive and significant effect on the performance of outsourcing employees at Bank Tabungan Negara KC Medan. If compensation is increased, the performance of outsourcing employees at Bank Tabungan Negara KC Medan will increase significantly, and vice versa.

Discussion

The Influence of the Outsourcing Work System (Contract) (X1) and Compensation (X2) on the Performance of Outsourcing Employees (Y)

The outsourcing (contract) work system (X1) and compensation (X2) simultaneously have F count $(15.557) > F_{table} (3.19)$ and a significant value of $(0.000) < (0.05)$. So it can be concluded that the outsourcing (contract) work system variables (X1) and compensation (X2) simultaneously have a significant effect on the outsourcing employee performance variable (Y) at Bank Tabungan Negara KC Medan. This is in line with research conducted by Dunggio & Rosario (2020, p. 179) where the study stated that the contract work system and compensation have a positive and significant effect on employee performance.

As stated by Wulandari (2021, p. 40) explains that employee performance is a result that has been achieved by an individual or group in carrying out their respective responsibilities and functions in order to achieve the goals of the organization or company to achieve its success. Furthermore, according to Wibowo (2019, p. 8) also states that employee performance is the result of work carried out by an individual in an organization in order to achieve the desired goals of an organization and can minimize losses and can create reliable employees who are able to carry out their duties well.

Based on expert explanations and research results that have been obtained, it can be concluded that the outsourcing work system (contract) and compensation have an influence on the performance of outsourcing employees at Bank Tabungan Negara (BTN) KC Medan.

The Influence of the Outsourcing (Contract) Work System (X1) on Employee Performance (Y)

The Outsourcing Work System (Contract) variable (X1) has a regression coefficient value $(\beta_1) = 0.277 > 0$ with t count $(2.167) > t_{table} (1.676)$ and a significance value $(0.035) < (0.05)$. This means that the Outsourcing Work System (Contract) variable (X1) partially has a positive and significant effect on the outsourcing employee performance variable (Y) at Bank Tabungan Negara KC Medan. This shows that the better the implementation of the provisions contained in the outsourcing work system (contract), the better the performance of outsourcing employees at Bank Tabungan Negara KC Medan.

This is in line with what was conveyed by Dunggio & Rosario (2020, p. 177) provisions on employment contracts must refer to government regulations contained in Law of the Republic of Indonesia No. 13 of 2003 concerning employment, both regarding employee rights and obligations, wage systems, employee work duration, provisions regarding termination of employment, and employee welfare. Clarity about employee rights and obligations contained in the employment contract will make employees work calmly. Thus, employee work results or performance will increase.

Based on expert explanations and research results that have been obtained, it can be concluded that the outsourcing work system variable (contract) is one of the assessments to increase the performance of outsourcing employees and can help companies achieve their goals.

The results of this study are also in line with the results of research by Wulandari (2021, p. 96), Junianto & Sabtohadhi (2020, p. 7), Lubis (2019, p. 83), and Dunggio & Basri (2019, p. 172) which state that the outsourcing (contract) work system has a positive and significant effect on employee performance.

The Influence of Compensation (X2) on Employee Performance (Y)

The compensation variable (X2) has a regression coefficient value (β_1) = 0.289 > 0, with t_{count} (3.378) > t_{table} (1.676) and a significance value (0.001) < (0.05). Thus, the compensation variable (X2) partially has a positive and significant effect on the outsourcing employee performance variable (Y) at Bank Tabungan Negara KC Medan. So it can be concluded that the higher the compensation given by the company to its employees, the better the work results or performance of the outsourcing (contract) employees in the company. This is because employees are satisfied with the compensation they have received and will repay the company's services by working better in the company.

This is in line with the opinion of Sulaeman, Suryani, Sularmi, & Guruh (2021, p. 139) who stated that one way to motivate employees to improve employee performance is by compensating them. Furthermore, according to Sugiarti (2020, p. 481) compensation is also part of company policy with all forms of payment intended as an award for employee services or performance shown by employees.

Based on expert explanations and research results that have been obtained, it can be concluded that compensation is one of the assessments to improve the performance of outsourcing employees and can help companies achieve their goals.

The results of this study are also in line with the research results of Sulaeman, Suryani, Sularmi, & Guruh (2021, p. 142), Dunggio & Rosario (2020, p. 178), Sugiarti (2020, p. 484), Lubis (2019, p. 83) and Apriani (2017, p. 73) which state that compensation has a positive and significant effect on employee performance.

Conclusion

In accordance with the research objectives, the analysis results are described as follows:

1. Based on the results of research conducted by researchers, it shows that the work system *outsourcing*(contract) and compensation simultaneously have a positive and significant effect on employee performance where the coefficient value of F count (15.557) > F table (3.19) and is significant at (0.000) < (0.05). Thus, the results of the research that has been conducted with the results are directly proportional to the theory used in this study.
2. Based on the results of research conducted by researchers, it shows that the work system *outsourcing*(contract) partially has a positive and significant effect on employee performance where the regression coefficient value has a value = (β_1) 0.277 > 0 with t_{count} (2.167) > t_{table} (1.676) and a significance value (0.035) < (0.05). Thus, the results of the research that has been conducted with the results are directly proportional to the theory used in this study.
3. Based on the results of research conducted by researchers, it shows that compensation has a partial positive and significant effect on employee performance, where the value regression coefficient (β_1) = 0.289 > 0, with t_{count} (3.378) > t_{table} (1.676) and significance value (0.001) < (0.05). Thus the results of the research that has been conducted with the results are directly proportional to the theory used in this study.

Suggestion

Based on the conclusions above, the researcher makes suggestions which are expected to be improvements for the future.

1. For the State Savings Bank, Medan Branch Office
It is suggested to Bank Tabungan Negara KC Medan to be better in drafting work contracts, regarding the work period to provide opportunities for outsourcing employees (contracts) to get better status in the company such as permanent employee status. As well as compensation, both direct and indirect compensation, and be fairer in providing benefits and incentives to outsourcing employees and it is suggested to the management of Bank Tabungan Negara KC Medan to be able to evaluate changes in employee work contracts and changes in compensation and there must be supervision from Bank Tabungan Negara KC Medan towards the outsourcing company so that it is more transparent about how much percentage of compensation is deducted from the profits by Bank Tabungan Negara KC Medan and the outsourcing company, with the aim of encouraging employee enthusiasm in carrying out the tasks given so that it will have a positive impact on improving employee performance.
2. For Employees
Suggestions for outsourcing (contract) employees at Bank Tabungan Negara KC Medan are expected to be able to work better, especially in improving the quality of work so that they can continue to provide better work results to the company.
3. For Further Researchers
Suggestions for further researchers who will conduct similar research are to try to add other variables such as motivation variables, quality variables, satisfaction variables and increase the number of samples to increase the accuracy of the research results.

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