ABSTRACT

The implementation of financial compensation influences employee productivity. Based on the study, financial compensation consisting of salaries and benefits gives a very important meaning for employees development in the company. The study shows the influence of financial compensation effect on work productivity of PT. PLN Rayon Sampang employee. It is conducted in PLN Rayon Sampang which provide highly competent electrical services in East Java.

The test is performed by using multiple linear regression which employ some results of certain tests such as the validity and reliability test. They give the data of this study an element of validity and reliability. It is perfected with the test classic assumptions which lead to the conclusion that the study is worth doing. The regression test results such as T and F tests lead to the effect of financial compensation variables simultaneously, partially and dominantly.

From the result, we can conclude that direct financial compensation variable and direct financial compensation simultaneously have a positive and significant influence on employee productivity. It is proven through the F test which result shows that the significance value < than 0.05, that is 0042. Therefore, financial compensation simultaneously influences work productivity. On the other hand, financial compensation variable partially has no influence on labor productivity with significance value x1 (0785) and x2 (0351). The dominant variable is indirect financial compensation which value of the variable x2 is greater than the variable x1 in the multiple linear regression result test.