

# Minimizing Work Costs and Employee Performance (Case Study in CV. Abadi Jaya in Bandar Lampung)

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## ABSTRACT (10PT)

*Business competition is getting fiercer, both in the domestic (national) and traditional (global) markets. This study aimed to determine the relationship between minimizing work costs and employee performance at CV. Abadi Jaya in Bandar Lampung. The objects of this research were forty employees at CV. Abadi Jaya in Bandar Lampung. The researchers employed the descriptive-quantitative method. Furthermore, the researchers collected the research data through observation, interviews, questionnaires, and literature study. This study found that  $H_a$  was accepted, which indicated a relationship between the variable of minimizing work costs and employee performance. Therefore, the minimizing work costs variable was related to the employee performance variable. Also, the minimization of work costs was constant by one point, resulting in employee performance increased by 0.154%. Based on the results of the study, it is suggested to companies to pay attention to the cost of work in the production process.*

## 1. INTRODUCTION

Business competition is getting fiercer, both in the domestic (national) market and traditional (global) market (Maskur, 2020). Companies must satisfy their customers to win the competition (Jham & Puri, 2013). The increasingly fierce competition also occurs in the automotive world, especially motorcycle production, because this product is the most dominant means of land transportation and has become a primary necessity. Transportation helps carry out every activity by the community. More businesses will compete and be creative and innovative to better improve the quality of the products that they manage (Lesmana, 2019). The advancement of science and technology has increased public awareness and demand for good services (Rahmawati et al., 2021), including motorcycle repair services which have grown rapidly in quality and quantity. Almost every highway and village area provides motorcycle service stations. With so many motorcycle service businesses, fierce competition begins to appear. Each motorbike service station tries to increase the number of customers and keep customers loyal by increasing consumer satisfaction.

The intensity of activity on the road necessitates driving comfort. As a result, the vehicle used must constantly be in good working order. Periodic maintenance and service are required to keep the vehicle in perfect condition. Services are required to carry out these functions. CV. Abadi Jaya is a company that provides maintenance and repair services for two-wheeled vehicles, also known as motorcycles.

Service is frequently a problem for a company due to a communication problem between what customers desire and the provided services. As a result, a fundamental knowledge of the concept of service is required. Service providers must always refer to the core purpose of service, namely consumer satisfaction, when offering services.

Services are activities, benefits, or satisfactions offered for sale. A service is any action or deed that can be offered by one party to another which is essentially intangible and does not result in the ownership of anything. Service is an economic activity with several intangible elements (values and benefits) associated with it, which involves several interactions with consumers or property and does not result in a change of ownership in conditions that may exist. Service production may or may not be related to the products' physique.

Motorcycle service is one of the most significant services for individuals nowadays. A motorcycle is no longer considered a luxury item. As the number of motorbikes on the road grows, so does the demand for motorcycle service stations. It necessitates the establishment of a large number of motorcycle service stations. This circumstance necessitates more imaginative business management for workshop entrepreneurs by improving or growing their marketing network.

CV. CV. Abadi Jaya is a motorcycle repair business and sales of motorcycle spare parts. Abadi Jaya must provide good service to consumers and provide a sense of security to increase customer satisfaction. By providing service and a good sense of security, consumer satisfaction can be provided, and cooperation can be established (Parasuraman et al., 1996).

Abadi Jaya was encountering challenges with motorcycle services. Because of the cheap motorcycle repair cost, employee performance suffered due to reduced salaries or diminished benefits as a result of competition among motorbike service providers.

**Table 1.** Job Description and the Number of Employees of CV. Abadi Jaya in Bandar Lampung

No	Job Description	Number of Employees
1	Director	1 Person
2	Deputy Director	1 Person
3	Finance Manager	1 Person
4	Personnel and General Manager	1 Person
5	Marketing Manager	1 Person
6	Financial Administration	3 Person
7	Accounting	2 Person
8	Tax	2 Person
9	Personnel	2 Persons
10	Administration and General Affairs Personnel	3 Persons
11	Head of Sales	1 Person
12	Supervisor	2 Persons
13	Counter Sales	2 Persons
14	Service/Sales Employees	15 Persons
15	Drivers	1 Person
16	Janitor	2 Persons
	Total	40 Persons

**Table 2.** The Costumers Who Ordered Service and Purchased Spare Parts on the CV. Abadi Jaya Bandar Lampung in 2020

Month	Customer Services	Status
January	54	Achieved
February	57	Achieved
March	55	Achieved
April	65	Achieved
May	60	Achieved
June	52	Achieved
July	44	Unachieved
August	52	Achieved
September	57	Achieved
October	44	Unachieved
November	40	Unachieved
December	34	Unachieved

Research on employee performance has previously been investigated, namely the analysis of employee work placement on minimizing production costs in CV. Rindu Sejagat in Bandar Lampung (Abidin et al., 2017). In this study, the employees' placement significantly influences the minimization of production costs. The size of the production cost greatly influences the production. Then, research

the analysis of production costs on the work results of production section employees at CV. Indah Sejahtera in Bandar Lampung (Syafriana, 2017) found that the production costs greatly affect the work results, especially in the production section, because good production costs make employees work optimally. Furthermore, a research entitled the analysis of production results on increasing sales volume at PT. Raja Makmur in Bandar Lampung (Rahmah & Komariah, 2016) discovered that the production results are essential to increase sales volume, especially at PT. Raja Makmur in Bandar Lampung.

This study examines the variable cost of work on employee performance, which has never been studied before. Based on the phenomenon of the problem and previous research, this study aims to determine the relationship between minimization of work costs and employee performance at CV. Abadi Jaya in Bandar Lampung.

## 2. METHOD

The objects in this research were all employees of CV. Abadi Jaya in Bandar Lampung, which is located at Jalan Pangeran Antasari No. 102, Tanjungbaru Village, Kedamaian sub-district, Bandar Lampung. The population consisted of forty employees who were taken entirely as respondents.

The researchers employed the descriptive quantitative method (Dalman et al., 2020; Kusuma & Apriyanto, 2018; Subyantoro & Apriyanto, 2020). The data collection techniques used were direct observation and interviews to determine the relationship between minimizing work costs and employee performance. The researchers collected the data by distributing questionnaires to the employees of CV. Abadi Jaya. The researchers performed two data analyses, qualitative and quantitative analyses, which were used as tabulation derived from respondents' answers. The quantitative analysis consisted of the validity test of each item, reliability test, simple linear regression test, coefficient of determination test, and t-test (Nurhasanah & Vikaliana, 2021; Vikaliana & Irwansyah, 2019).

## 3. RESULTS AND DISCUSSION

### Results

Based on primary data obtained from the questionnaire distribution, validity testing was performed to measure the validity of the questionnaire. The reliability testing was performed to determine whether the respondents' answers were consistent from time to time. The validity and reliability tests showed that all statements in each variable were valid and reliable. The tabulation based on the respondents' ages can be seen in Table 3.

**Table 3.** Age of Respondents

Age	Number of Respondents	Percentage (%)
20-30	9	22.5
31-40	21	52.5
41-50	8	20.0
51-55	2	5.0
Total	40	100

Table 3 displays that most respondents were aged 31-40 years (21 employees or 52.5%). Respondents aged 20 to 30 consisted of nine employees or 22.5%, respondents aged 41 to 50 years consisted of eight employees or 20.0%, and respondents aged 55 years consisted of two employees or 5.0%. Educational background is often seen as a description and condition that reflects one's abilities. The presentation of respondent data based on the educational background is shown in the following table:

**Table 4.** Respondents' Educational Background

Education	Number	Percentage (%)
Junior high school	6	15.0
Senior high school	15	37.50
Associate's degree	4	10.0
Bachelor Degree	10	25.0
Master's Degree	5	12.50
Total	40	100

Based on table 4 dominantly, the employees' educational background was senior high school (fifteen employees or 37.50%). Six employees or 15.00% graduated from junior high school, four employees or 10.00% hold associate's degree, ten employees or 25.00% hold bachelor's degree, and five employees or 12.50% hold master's degree. The coefficient of determination is a measure to determine the suitability or accuracy between the estimated value or the regression line with the sample data. If the correlation coefficient value is known, then the coefficient of determination can be obtained by squaring it.

**Table 5.** Coefficient of Determination of Work Cost Minimization and Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.951 <sup>a</sup>	.905	.903	1.10463	.905	362.567	1	38	.000

The coefficient of determination test results can be seen in table 5. Coefficient of Determination =  $R^2 = 0.9512 = 0.905 = 0.905 \times 100 = 90.5\%$ . Therefore, the minimizing work costs variable explained the variation of changes to the employees' performance variable by 90.5%, while the rest is explained by other factors not examined in this research. The hypothesis tests the effect of minimizing work costs (X) on the employee's performance (Y) on the CV. Abadi Jaya in Bandar Lampung can be seen in table 6.

**Table 6.** Hypothesis Testing on the Relationship between Work Cost Minimization and Employee Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1	.140	2.105	.951	.067	.947	.3.837	4,145
(Constant)	.992	.052		19,041	.000	.891	1.089

The t-test calculation revealed that the  $t_{observed}$  value was 19,041. When compared to the  $t_{critical}$  at a significant level of 95% (2.66),  $t_{observed}$  (19,041) was higher than  $t_{critical}$  (2.66). Therefore,  $H_a$ , which stated a relationship between the minimizing work costs variable (X) and employees' performance (Y), was accepted. In conclusion, the minimizing work costs variable (X) was related to the employees' performance variable (Y).

The calculated t-test resulted in a  $t_{observed}$  value of 19,041. When  $t_{observed}$  (19,041) was compared to  $t_{critical}$  at a significant level of 95 percent (2.66), it was higher. As a result,  $H_a$  was accepted, which asserted a relationship between the minimizing work cost variable (X) and employee performance variable (Y). Finally, the variable minimizing work costs (X) was connected to the variable employee performance (Y). According to the researchers' opinion, the  $t_{observed}$  value of 19,041 was because the minimization of work costs seemed weak even if the relationship between the two variables showed an increase. This result was evidenced by the calculation of the coefficient of determination =  $R^2 = 0.9512 = 0.905 = 0.905 \times 100 = 90.5\%$ . It can be concluded that the minimizing work cost variable influenced

the variation of changes on the employee performance variable by 90.5%. The regression equation between the minimizing work cost variable (X) and the employee performance variable (Y) was  $Y = 0.154 + 0.990X$ . The  $b_0$  value of 0.154 was a constant value, or the minimization of work costs value was constant. Therefore, if there is an increase in the value of the employee performance variable by one point, the resulting employee performance will only increase by 0.154%.  $b_x$  value of 0.990 means that each additional respondent's response regarding work facilities can be followed by employee performance by one point, then employee performance will increase by 0.990 points. It means that the minimization of work costs will run well if the employee performance is also good, which will increase the points by 0.990. If the minimum work cost is good, then at least the employee performance on the CV. Abadi Jaya in Bandar Lampung will also be good.

### Discussion

Based on the research, the regression equation between the work cost variable (X) and the employee performance variable (Y) is  $Y = 0.154 + 0.990X$ . The  $b_0$  value of 0.154 is a constant value, or the value of minimizing labor costs is constant. This means that the minimization of work costs will work well if the employee's performance is also good, which will increase the points by 0.990. If the minimum work costs are good, then at least the employee's performance on the CV. Abadi Jaya in Bandar Lampung would also be good. Results are in line with opinion (Heizer & Render, 2016) that work costs will run well if employee performance is also good. In addition, the results of the study are in line with previous research (Dito & Lataruva, n.d.; Poluakan et al., 2019), about employee performance..

Based on the results of the study, it is suggested to companies to pay attention to the cost of work in the production process. Work costs will affect employee performance, then have implications for company performance (Rahmadani, 2019; Sulistyawati & Indrayani, 2012).

### 4. CONCLUSION

Based on the discussion, the obtained t-value was 19,041. After being compared to the  $t_{critical}$  at a significant level of 95% (2.66), the  $t_{observed}$  value of 19,041 was higher than 2.66. Therefore,  $H_a$  was accepted, which stated a relationship between the work costs variable (X) and employee performance (Y). The minimizing work cost variable influenced the variation of changes on the employee performance variable by 90.5%. The regression equation between the minimizing work cost variable (X) and the employee performance variable (Y) was  $Y = 0.154 + 0.990X$ . The  $b_0$  value of 0.154 was a constant value, or the minimization of work costs value was constant. Therefore, if there is an increase in the value of the employee performance variable by one point, the resulting employee performance will only increase by 0.154%.  $b_{xy}$  value of 0.990 means that each additional respondent's response regarding work facilities can be followed by employee performance by one point, then employee performance will increase by 0.990 points. Based on the results of the study, it is suggested to companies to pay attention to the cost of work in the production process

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