

Analysis of Recruitment, Selection, Compensation and Its Effect on Employee Performance Research on Yogyakarta Car Rental Employees

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ABSTRACT

This study aims to analyze the influence of recruitment, selection, and compensation on employee performance in car rental businesses in Yogyakarta. This research is motivated by the importance of assessing the human resource management (HR) processes of recruitment, selection, and compensation in car rental companies in Yogyakarta. This study uses a quantitative approach. The population was all employees working at 13 car rental companies in Yogyakarta. The sampling technique used was Non-Probability Sampling Saturated sampling type, with a total sample of 54 employees. Primary data was obtained through the distribution of questionnaires with a Likert scale. The results of the data analysis indicate that the selection variable has a significant influence on the performance of car rental employees in Yogyakarta. However, the recruitment and compensation variables do not have a significant influence on the performance of car rental employees in Yogyakarta. The implication of this research is that the quality of employee performance is inseparable from the role of business leaders in the car rental sector, both in business management and operations. Therefore, good, clear, and transparent recruitment, selection, and compensation matters help car rental business owners to build strong human resources, responsive to customers, and able to contribute to business sustainability amidst increasingly competitive transportation services.

Keywords: Recruitment; Selection; Compensation; Employee Performance

Analisis Rekrutmen, Seleksi, Kompensasi dan Pengaruhnya terhadap Kinerja Karyawan pada Karyawan Perusahaan Sewa Mobil Yogyakarta

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh rekrutmen, seleksi, dan kompensasi terhadap kinerja karyawan dalam bisnis rental mobil di Yogyakarta. Penelitian ini dilatarbelakangi oleh pentingnya mempelajari proses manajemen sumber daya manusia (SDM) rekrutmen, seleksi dan kompensasi oleh perusahaan persewaan mobil di Yogyakarta. Penelitian ini menggunakan pendekatan kuantitatif. Populasi penelitian adalah seluruh karyawan yang bekerja di 13 perusahaan rental mobil di Yogyakarta. Teknik pengambilan sampel yang digunakan adalah jenis pengambilan sampel jenuh jenis Non-Probability Sampling, dengan total sampel 54 karyawan. Data Primer diperoleh melalui distribusi kuesioner dengan Skala Likert. Hasil analisis data menunjukkan bahwa variabel seleksi memiliki pengaruh yang signifikan terhadap kinerja karyawan rental mobil di Yogyakarta. Namun, variabel rekrutmen dan kompensasi tidak berpengaruh signifikan terhadap kinerja karyawan mereka Sewa Mobil di Yogyakarta. Implikasi dari penelitian tersebut adalah kualitas kinerja karyawan tidak terlepas dari peran pemimpin bisnis di bidang rental mobil, baik dalam manajemen bisnis maupun operasional. Oleh karena itu, rekrutmen, seleksi, dan kompensasi yang baik, jelas, dan transparan membantu pemilik usaha rental mobil untuk membangun sumber daya manusia yang tangguh, responsif terhadap

pelanggan, dan mampu berkontribusi pada kelangsungan bisnis di tengah persaingan yang semakin kompetitif untuk layanan transportasi.

Kata kunci: *Rekrutmen; Seleksi; Kompensasi; Kinerja Karyawan*

INTRODUCTION

The background of the problem comes from the fierce competition for jobs. Every year, educational institutions in Indonesia produce many job seekers from various levels of education. This is compounded by the fact that the number of jobs available is not proportional to the number of job seekers. According to the Central Statistics Agency in May 2025, the Open Unemployment Rate (TPT) in February 2023–February 2025 was recorded at 4.76%, which proves that the open unemployment rate in Indonesia is still high. In order to compete, companies need quality human resources (HR). Therefore, Human Resource Management (HRM) is a crucial organizational function in providing a quality workforce to achieve organizational goals. (Statistics, 2025)

The first step in HR screening is through recruitment and selection of workers. According to recruitment, it is an important activity in HR and the process of finding, finding, and attracting applicants to get additional employees to achieve the company's goals. Through recruitment, companies inform the public that they need labor for certain positions according to the set criteria. Selection is an advanced stage after recruitment. According to selection is the process of selecting relevant individuals to do the work in the organization. Improving employee quality is not only limited to recruitment and selection, but also requires a good compensation strategy. Effective compensation, which also includes recognition and rewards, will have an effect on employee performance. Employee performance itself is defined as the results achieved by employees according to the criteria that apply in the company. Rusby (2017) Widyatmojo et al.

(2021) (Septiani, 2024) (Budiyanto & Mochklas, 2020)

The tourism industry is currently one of the sectors promoted by the government. According to Venata & Aji (2023) the website of the House of Representatives of the Republic of Indonesia, the largest sector of state foreign exchange receipts in 2020 is the tourism sector. Yogyakarta is one of the favorite tourist destinations that is always crowded with local and foreign tourists. According to the Central Statistics Agency released on May 2, 2025, the number of tourist visits by Indonesian tourists to DIY in the January-March 2025 period increased by 3.49% compared to the same period in the previous year from 9,894,680 trips to 10,240,350 trips. Along with the development of tourism, many Yogyakarta residents provide facilities for tourists, including businesses in the field of car rental services. Car rental is a transportation service provider that makes it easier for customers. To run this business, car rental business owners need employees (such as admins, drivers, and shuttle staff) and, like other companies, they also carry out recruitment and selection processes according to the set criteria. (Mali, 2021) (Statistics, 2025) (Kurniawan et al., 2017)

Given the increasing business competition among car rental entrepreneurs in Yogyakarta and the need for innovation to improve the quality of services including through human resources. Researchers are interested in observing and examining the recruitment, selection, and compensation processes that are implemented. Therefore, this study needs to be conducted to find out empirically whether the recruitment, selection, and compensation system, both individually and simultaneously, has a positive effect on the

performance of Yogyakarta car rental employees. (Kristania, 2022)

Literature Review

Recruitment

Recruitment is a series of activities carried out by a company or organization when it needs human resources. This process is an effort by human resource management to find and gather potential applicants to provide a workforce according to the company's needs and certain quality standards. In addition, according to effective recruitment produces candidates that suit the company's needs, which can ultimately improve employee performance. Of course, when companies do recruitment, they have a goal. According to the main goal of recruitment, it is to accept as many applicants as possible who are in accordance with the qualifications, so as to allow the network of prospective employees with the highest quality. This opinion is in line with (Scott, 2018) Mangkunegara (2017) Competition (2022) Rosita et al. (2024) the fact that recruitment also aims to get employees with good quality and quantity. Recruitment sources are divided into two categories: internal sources and external sources. According to Internal Sources, the employees who fill job vacancies come from within the company itself. Includes Promotion of positions, Transfer or Rotation, and Demotion of positions. External Sources, Prospective employees come from outside the company. Includes mass media advertisements, educational institutions, labor offices, applications that enter the Company, and Out-sourcing Agents. Hasibuan (2019)

Selection

Employees are considered the company's main asset, so the company's success is determined by the employee's role. According to , selection is a step that applicants must go through until they get a decision to be accepted or rejected. While defining it as the activity of selecting and determining

applicants who are accepted or rejected. The selection process starts from the application submission stage to the final stage in the form of employee acceptance. Selection must be done honestly, carefully, and objectively. According to him, there are several basic qualifications for the implementation of the selection, namely Skills Competition (2022) Hasibuan (2019) Hasibuan (2019) , Experience, Education, Age, Initiative and Creativity and Discipline. The selection process must be guided by the specification of the position or work to be carried out. As revealed, the types of work tests used in the selection include psychological tests, knowledge tests, performance tests, and attitude tests. In addition, the selection is also based on government labor policy, position specifications, rational economic principles, and social ethics. Competition (2022)

Compensation

Compensation is everything that an employee receives in return for the results of his work given to the company in a certain period. A similar definition is also expressed by the fact that compensation is all income, whether in the form of money, direct or indirect goods, that employees receive in return for services rendered to the company. Therefore, compensation needs to be well designed in order to have a positive impact on the company Properly managed compensation is the key to a company's success. As expressed by the compensation goals include: Creating cooperative bonds, increasing job satisfaction (meeting physical needs, ego, social status), increasing employee motivation, ensuring employee stability, and improving employee discipline. The factors considered in determining the amount of compensation according to are, Number of employee requests and offers, Work productivity level, Type of job, Job title, Level of education and work experience, Ability and willingness of the company to pay high compensation, Cost of living of employees in a particular area, Government regulations, trade unions, and

national economic conditions (Scott, 2018) Hasibuan (2019) (Ganyang, 2018). (Hasibuan, 2019) That Is How It Is (2018)

Employee Performance

The success of a company is determined by the performance of its employees. Performance is defined as the level of effectiveness and efficiency demonstrated by an employee in carrying out his or her daily duties in an organization or company in a certain period. Performance appraisal is an evaluation of skills and abilities in the achievement and growth of employees towards performance, which aims to plan the right career development for each employee. Performance appraisals have an important purpose to produce relevant information related to employee behavior and performance. The objectives of Performance Appraisal according to Simanjuntak include, among others, Producing relevant information regarding employee behavior and performance, Performance improvement, compensation adjustments, placement decisions, promotions, and demotion, Training and development. The preparation of methods needs to be carried out so that the performance assessment runs well. Some of the components that are a reference in performance measurement according to Kasmir include: Attendance, Honesty, Responsibility, Ability or work results, Loyalty, Compliance, Cooperation and Initiative. (Scott, 2018) (Wibowo, 2022) Rosita et al. (2024) Rosita et al. (2024)

Hypothesis Development

The Influence of Recruitment on Employee Performance

Recruitment is defined as an effort to find and influence the workforce to want to apply for job vacancies in a company (Hasibuan, 2019). Inaccurate recruitment processes can cause companies to accept employees who do not meet their needs, resulting in low performance quality. The more precise the recruitment procedure, the higher

the level of employee performance produced. Performance appraisal itself is the process of measuring and evaluating employee performance to improve efficiency (Widyatmojo et al., 2021). This positive relationship is supported by the results of research by Alwi & Sugiono (2020) which found that recruitment has a positive and significant effect on employee performance.

H1: Recruitment has a positive effect on employee performance.

The Effect of Selection on Employee Performance

Selection is a series of processes that applicants go through post-recruitment until they are decided to be accepted or rejected as new employees (Saing, 2022). Work performance assessment itself is defined as the process of assessing the ratio of real work results to quality and quantity standards produced by each employee (Hasibuan, 2019). Selection that is carried out objectively and clearly will result in employees with abilities that match the demands of the job, allowing them to achieve the expected performance standards. A systematic selection process is able to produce employees with high potential to achieve optimal work performance, increase efficiency and effectiveness. This is supported by Sundjoto's (2024) research, which states that the better the selection process, the better the employee performance.

H2: Selection has a positive effect on employee performance.

The Effect of Compensation on Employee Performance

Compensation is everything that employees receive in return for their work to the company in a certain period (Ganyang, 2018). Similar to recruitment, performance appraisal is the process of measuring and evaluating employee performance for efficiency improvement (Widyatmojo et al., 2021). Compensation that is given fairly and

appropriately serves as a key driver that increases employee morale, loyalty, and responsibility to work more optimally. This positive and significant relationship is evidenced by research Komala (2017) that compensation has a positive and significant effect on the performance of PT Indoturbine Central Jakarta employees.

H3: Compensation has a positive effect on the company's performance.

The Effect of Simultaneous Recruitment, Selection, and Compensation

These three functions (Recruitment, Selection, and Compensation) are integrated in a human resource management system that collectively affects employee performance. Targeted recruitment will acquire potential applicants. An objective and rigorous selection ensures that only the best applicants are accepted. Proper and fair compensation will increase their motivation and loyalty to work optimally. This combination simultaneously creates qualified and motivated human resources, resulting in high employee performance. This is supported by various studies, such as M. K. Sari et al. (2022) and Murniwati (2022) which show the positive and significant influence of Recruitment and Selection on performance.

H4: Recruitment, selection, and compensation simultaneously have a positive effect on employee performance.

RESEARCH METHODS

This study uses quantitative research. This research was carried out in several car

rental in the Yogyakarta area. The population in this study is all employees who work in 13 Yogyakarta Car Rental companies. The total number of employees is 54 people. The sampling technique used is *Non-Probability Sampling* type of saturated sampling (*census*). *Saturated sampling* is defined as a sample determination technique where all members of the population are used as research respondents (Sugiyono, 2019). This study uses two data sources, namely Primary Data obtained directly from respondents through the distribution of questionnaires to all samples and Secondary Data. The main data collection method is a questionnaire or questionnaire. The measurement scale used is the Likert Scale, where variables are described as indicators to compile instruments (Sugiyono, 2019).

RESULTS AND DISCUSSION

Respondent Characteristics

Based on the results of respondent data collection obtained through a questionnaire of car rental employees in Yogyakarta, it can be known that several characteristics of employees consisting of the majority of respondents are male with a total of 50 respondents or (92.6%). Based on the age of the majority of respondents aged 25 years - 34 years old, a total of 31 respondents or (57.4%). Based on the last education, the majority of respondents were educated at the end of high school/equivalent with a total of 29 respondents or (53.7%). In addition, based on the length of work, the majority of respondents have long worked in car rental 0 – 1 Year with a total of 17 respondents or (32.7%).

Table 1 Characteristics of Research Respondents

Gender	Frequency	%
Male	50	92,6%
Women	4	7,4%
Age		
18 Years – 24 Years	16	29,6%
25 Years – 34 Years	31	57,4%
35 Years – 44 Years	7	13%
45 Years – 54 Years	0	0
>55 Years	1	1,9%
Marital Status		
Unmarried	29	53,7%
Married	24	44,4%
Widow/Doubter	2	3,7%
Final Education		
Elementary/equivalent	0	0
Junior High School/Equivalent	3	5,6%
High School/equivalent	29	53,7%
Diploma (D1/D2/D3/D4)	5	9,3%
S-1	18	33,3%
Long Time Working		
0 – 1 Year	17	32,7%
– 3 Years	15	28,8%
4 – 5 Years	10	19,2%
>5 Years	12	23,1%

Source: Primary data processed 2025

Validity Test Results

Based on table 2 there are 5 questions about recruitment, the validity has a table r value of 0.273. The highest value of the Item 3 statement with a calculated r value of 0.820 while the lowest value in the Item 5 statement with a calculated r value of 0.635, for that the statement is declared valid. There are 5 questions about selection, the validity has a table r value of 0.273. The highest value is in the statement of Item 4 with a calculated r value of 0.688 while the lowest value of Item 1 with a calculated r value of 0.524, for that the statement is declared valid. There are 6

questions about compensation, the validity of which has a table r-value of 0.273. The highest value is in the Item 1 statement with an r value calculated as 0.831 while the lowest value in the Item 4 statement with a calculated r value of 0.594, for that the statement is declared valid. There were 6 questions about employee performance, the validity of which had a table r value of 0.273. The highest value is in the statement of Item 4 with a calculated r value of 0.867 while the lowest value in the statement of Item 6 with a calculated r value of 0.576, for that the statement is declared valid.

Table 2 Validity Test Results

Variable	r count	r Table	Remarks
Recruitment			
Item 1	0.807	0.273	Valid
Item 2	0.650	0.273	Valid
Item 3	0.820	0.273	Valid
Item 4	0.661	0.273	Valid
Item 5	0.635	0.273	Valid
Selection			
Item 1	0.524	0.273	Valid
Item 2	0.658	0.273	Valid
Item 3	0.639	0.273	Valid
Item 4	0.688	0.273	Valid
Item 5	0.665	0.273	Valid
Compensation			
Item 1	0.831	0.273	Valid
Item 2	0.819	0.273	Valid
Item 3	0.818	0.273	Valid
Item 4	0.595	0.273	Valid
Item 5	0.760	0.273	Valid
Item 6	0,708	0,273	Valid
Employee Performance			
Item 1	0.626	0.273	Valid
Item 2	0.583	0.273	Valid
Item 3	0.776	0.273	Valid
Item 4	0.867	0.273	Valid
Item 5	0.791	0.273	Valid
Item 6	0,576	0,273	Valid

Source: Primary data processed, 2025

Reliability Test Results

Table 3 Reliability Test Results

Variable	Cronbach's Alpha Coefficient	Critical Values	Remarks
Recruitment	0.736	0.6	Reliable
Selection	0.602	0.6	Reliable
Compensation	0.851	0.6	Reliable
Employee Performance	0.794	0.6	Reliable

Source: Primary Data processed 2025

Based on the reliability test table above, it can be seen that the reliability test results for variable X1 with *Cronbach's alpha* value of 0.736, variable X2 with *Cronbach's alpha* value of 0.602, variable X3 with *Cronbach's alpha* value of 0.851 and variable Y with *Cronbach's alpha* value by 0.794. Because the value is above 0.6, the variables X1, X2, X4 and Y are declared reliable or

trustworthy as a data collection tool in research.

Multicollinearity Test

Multicollinearity is known from the value of the *Variance Inflation Factor (VIF)*. If the value exceeds 0.10, it can be concluded that there is no multicollinearity problem

Table 4 Multicollinearity Test Results

Variable	Collinearity Tolerance	Statistic VIF	Remarks
Recruitment	0.567	1.765	Multicollinearity does not occur
Selection	0.595	1.680	Multicollinearity does not occur
Compensation	0.509	1.963	Multicollinearity does not occur

Source: Primary data processed 2025

Based on the table above, it can be seen that the VIF value of each independent variable is less than 10 and the tolerance value is more than 0.10. It can be concluded that

independent variables do not experience multicollinearity and meet the prerequisites of the classical assumption test.

Normality Test

Table 5 Normality Test Results

		Unstandardized Residual	
N		54	
Normal Parameters,a,b	Red	.0000000	
	Std. Deviation	.31726611	
Most Extreme Differences	Absolute	.089	
	Positive	.061	
	Negative	-.089	
Test Statistic		.089	
Asymp. Sig. (2-tailed)		.200c,d	
Monte Carlo Sig. (2-tailed)	Sig.	.758th	
	95% Confidence Interval	Lower Bound	.749
		Upper Bound	.766

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Based on 10000 sampled tables with starting seed 926214481.

From the normality test table, it can be seen that the value of Asymp. Sig. (2-tailed) is 0.200 and Monte Carlo Sig. (2-tailed) value is 0.758 which means > 0.05, so it can be said that the data is distributed normally.

Results of Multiple Linear Regression Analysis

$$Y = a + b_1X_1 + b_2X_2 + \beta_3X_3 + e_1$$

$$Y = 0.433 - 0.186X_1 + 0.091X_2 + 0.045X_3 + e_1$$

Constant (a) = 0.433 Declares that if the value of the variables Recruitment (X1), Selection (X2), and Compensation (X3) is equal to zero (0), then the Employee Performance in the company is 0.433.

Recruitment regression coefficient (X1) = -0.186 Stating that Recruitment has a negative effect on Employee Performance, meaning that if Recruitment increases by 1 unit, then Employee Performance will decrease by 18.6%, assuming that the

Selection and Compensation variables remain constant.

Selection regression coefficient (X2) = 0.091 Stating that Selection has a positive effect on Employee Performance, meaning that if Selection increases by 1 unit, then Employee Performance will increase by 9.1%, assuming that the Recruitment and Compensation variables remain constant.

Compensation regression coefficient (X3) = 0.045 Stating that Compensation has a positive effect on Employee Performance,

meaning that if Compensation increases by 1 unit, then Employee Performance will increase by 4.5%, assuming that the variables of Recruitment and Selection remain constant.

T test (Partial test)

In order to compare the value of sig t with the level of significance used in this study, which is 5% with t table ($t_{/2; n-k-1}$) $(0.025; 54-3-1)=(0.025; 50) \rightarrow 2,008\alpha$

**Table 4 Output Test t (Partial Test)
Coefficient**

Models		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.359	.499		2.725	.009
	Recruitment	.020	.117	.025	.175	.863
	Selection	.492	.140	.491	3.505	.001
	Compensation	.170	.130	.198	1.309	.197

a. Dependent Employee Performance

Source: Primary Data processed 2025

**Based on the partial test table (t) shows:
The effect of recruitment on employee performance**

Based on the above results, t calculation was obtained of 0.175 and significance value of 0.863. Because the recruitment variable has a value of 0.863 > 0.05, the recruitment variable (X1) does not have a significant influence partially on employee performance, so H1 is rejected.

The effect of selection on employee performance

Based on the results above, t calculation was obtained at 3.505 and a significance value of 0.001. Because the

selection variable (X2) has a significance value of 0.001 which is smaller than 0.05, the selection variable has a partial significant effect on employee performance, so H2 is accepted.

The effect of compensation on employee performance

Based on the above results, the t calculation was obtained of 1.309 and the significance value was 0.197. Because the compensation variable (X3) has a significance value of 0.197 > 0.05, the compensation variable does not have a significant influence partially on employee performance, so H3 is rejected.

F Test (Simultaneous)

Table 5 F Test Output (Simultaneous Test)

Models		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.813	3	1.271	11.913	0.000005
	Residual	5.335	50	.107		
	Total	9.148	53			

- a. Dependent variables Employee performance
- b. Predictor (Constant), Recruitment, Selection, Compensation

Based on the *above output*, it can be concluded that the calculated F value of 11.913 is greater than the F of the table of 2.79 and the significance value of 0.000005 is smaller than 0.05. This shows that the variables of recruitment (X1), selection (X2), and

compensation (X3) together have a significant influence on employee performance (Y). Thus, it can be concluded that there is simultaneously a significant influence between recruitment, selection, and compensation on employee performance.

Coefficient of Determination (Adjusted R-Square)

Table 6 Output Coefficient of Determination (Adjusted R-Square)

Models	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646a	.417	.382	.326645

- a. Predictor: (Constant), Recruitment, Selection, Compensation
- b. Dependent Variable: Employee Performance

Source: Primary Data, processed SPSS Version 22

Based on the *output above*, the *Adjusted R Square value* was obtained of 0.382. This shows that the variation in employee performance variables was influenced by recruitment, selection, and compensation variables by 38.2%, while the remaining 61.8% was influenced by other variables that were not studied in this study.

for which the H1 hypothesis is rejected. This means that the recruitment process carried out by the leaders of car rental in Yogyakarta has no influence on employee performance.

Although the recruitment process is not the main factor that directly and significantly affects the high or low performance of employees in Yogyakarta car rental. The car rental business requires specific operational and customer service services, such as car delivery at various locations such as airports, stations, and hotels. For this reason, even though they are recruited from less than optimal sources, employee performance is still good if it is formed by a training system to meet operational standards in customer service. Employee performance tends not to be affected by employee performance if the tasks and work carried out are routine and structured. The majority of respondents to car rental employees in Yogyakarta have a high school education/equivalent with a percentage

RESULTS AND DISCUSSION

Recruitment Has No Positive and Insignificant Effect on Employee Performance

Based on the results of the hypothesis that has been carried out using the SPSS tool, it is shown that the recruitment variable (X1) does not have a significant influence partially on employee performance (Y), this can be proven through table 4.18 in the t-test (partial) Sig value $0.863 > 0.05$ and the calculated t-value $(0.174) < \text{the t-value of the table } (2.009)$,

of 53.7%. Through this, it can be seen that the positions filled do not require a high level of managerial expertise. However, compliance with procedures is required to be influenced by SOPs, not from recruitment. In addition, car rental businesses that are classified as MSMEs often rely on recruitment based on employee recommendations or acquaintances. And standardized recruitment may not be applied consistently, causing recruitment to be insignificant.

The results of this study are not in line with the research on recruitment that has a positive and significant effect on employee performance at PT Bina Asia. However, the results of this study are in line with the research conducted stating that there is no significant influence between recruitment and employee performance at the Wahid Hasyim Islamic Boarding School in Yogyakarta. (Komala, 2017) (Atikawati & Udjang, 2016)

Selection Has a Positive and Significant Effect on Employee Performance

Based on the hypothesis results using the SPSS 22 tool, it is shown that the selection variable (X2) has a significant influence on employee performance (Y). This can be seen from the results of the t-test (partial test) in table 4.23 with a significance value of $0.001 < 0.05$ and a calculated t-value ($3.505 >$ a table t-value (2.009). Therefore, the H2 hypothesis is acceptable. This shows that the better and more precise the selection process carried out by a company or business owner, the greater the chance for the company to have quality employees. The right selection process serves to screen and place individuals according to the qualifications required by the company. For this reason, a good selection process will assess employees' skills in attitude and ability to deal with complex situations such as customer complaints. If the selection is not carried out carefully, the company risks recruiting employees with low work ethics or poor service skills. This will result in a business reputation and lower operational performance.

This result is in line with the fact that the selection process has a positive impact on employee performance carried out by PT SPI. The results of this study are also in accordance with the research that explains that there is a significant influence between selection and employee performance at PT Indo Raya Tenaga. Firnanda et al. (2024) Syamsudin et al. (2023)

Compensation Has No Positive and Insignificant Effect on Employee Performance

Based on the hypothesis results using the SPSS 22 tool, it shows that the compensation variable (X3) does not have a significant influence on employee performance (Y) in the car rental business in Yogyakarta. This is shown by the results of the t-test (partial test) in table 4.23 with a significance value of $0.197 > 0.05$ and a calculated t-value ($1.309 <$ a table t-value (2.009). Therefore, the H3 hypothesis is rejected. The results show that the compensation provided by car rental leaders in Yogyakarta does not always have a positive impact on employee performance. This can be caused because car rental employees in Yogyakarta feel that the commission they get is good enough. So that to achieve good performance, employees are more driven by other motivational factors such as recognition from leaders or satisfaction in completing tasks on time. This can be a real performance driver because of the time pressure in completing tasks to get informal tips or bonuses from customers. Therefore, small changes in formal pay have no effect on how quickly and how well employees work.

The results of this study are in accordance with the research that explains that compensation has no effect on the performance of employees working in the South Jakarta Mayor's Office. In addition, research shows that employee performance at PT Mayora Indah Tbk Tomohon Branch is not affected by the compensation provided by the company, but compensation affects job satisfaction. This

shows that the quality of employee performance is not always linear by the amount of compensation the employee receives. Wijaya & Kusuma (2019) Languyu et al. (2024)

Recruitment, Selection and Compensation Have a Positive and Significant Effect on Employee Performance

Based on the results of the hypothesis that has been carried out using the SPSS 22 tool, the simultaneous test shows that the three variables Recruitment (X1), Selection (X2), and Compensation (X3) together have a significant influence on employee performance (Y). This is shown by the calculated F value of 11.913 greater than the F of the table of 2.79 and the significance value of 0.000005 is smaller than 0.05. The Adjusted R Square value was 0.382, indicating that employee performance variables were influenced by recruitment, selection, and compensation variables by 38.2% while the rest were influenced by other variables that were not studied in this study. Therefore, it can be concluded that simultaneous recruitment, selection, and compensation have a significant influence on employee performance, for which the H4 hypothesis is accepted.

Although only partially a significant selection variable, recruitment and compensation are not strong enough to improve employee performance. However, the combination of recruitment to attract candidates, selection to select the most appropriate individuals, and compensation to provide perceived rewards creates synergies that drive overall employee performance outcomes. This study shows that the most powerful selection variable is partially with a Sig. value of 0.001, for which the selection functions to maximize the previous recruitment process and ensure that compensation is not wasted on incompetent employees. Although compensation does not improve performance, it does show an average value of 4.35 which means compensation as a maintenance factor. Compensation prevents

employees with good performance from going to competitors, so compensation is needed to maintain the level of performance that has been obtained in the selection process

CONCLUSION

Based on the results of data analysis, it was found that the selection variable had an influence on the performance of car rental employees in Yogyakarta. However, the variables of recruitment and compensation do not have a significant influence on the performance of their employees. First, the selection variable that has a positive influence on employee performance. The selection process is no less important for entrepreneurs. This is because the complete, clear, and directed selection is not only the professional form of the entrepreneur, but also determines the commitment and quality of employees from the beginning. Second, the recruitment variable does not show significant results on employee performance. This makes the recruitment process carried out by car rental entrepreneurs not always linear with employee performance. Third, the compensation variable also shows significant results that do not always have a positive impact on employee performance.

Implications

The results of this study show that employee performance can be influenced by the selection process. Selection variables have a significant influence on employee performance. A transparent and clear selection process has a long-term impact on the company, including employee commitment and loyalty. Strict selection of attitudes and abilities needs to be done so that employees can handle complex situations such as customer complaints. The recruitment and compensation process that does not affect employee motivation in work. However, companies are advised to keep a clear and transparent recruitment system so that employees feel treated well and fairly. Given

that compensation doesn't have a significant impact, car rental business leaders need to consider other forms of appreciation for employees such as recognition or appreciation from the leadership. In addition, the quality of employee performance is inseparable from the role of business leaders in the rental sector, both in business management and operations. Therefore, recruitment, selection, and compensation that are good, clear, and transparent help car rental business owners to build human resources that are resilient, responsive to customers, and able to contribute to business continuity in the midst of increasingly competitive competition for transportation services.

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