

THE RELATIONSHIP BETWEEN COMPENSATION AND EMPLOYEE PERFORMANCE AT BANDUNG ADVENTIST ACADEMY

Juwita Simbolon¹ and Francis M. Hutabarat, M.B.A., Ph.D²
Universitas Advent Indonesia fmhutabarat@gmail.com

Abstract

Human resources is a major asset for a company. Therefore, for the survival and progress of the company, then the company should give special attention to the human factor. For employees, compensation is seen as a tool to motivate employees to maintain the economic viability of their employees and to improve the performance of employees. The purpose of this study is to find the relationship between compensation and employee performance at Bandung Adventist Academy. The study used descriptive method using t-test to analyze the data with the used of SPSS. The research resulted that the respondent suggested that the compensation is given accordingly with mean 4.0305 and performance of employee is high with mean of 4.1771. And, the F-test shows that there are no significant between the answer of male and female, at $\alpha = 0.05$. However, there was no significant relationship between compensation and employee performance at Bandung Adventist Academy. The result shows the t-test is 0.702 and is lower than the t-table, which shows that H_0 is accepted, with p -value of 0.490.

Keywords: *Compensation, Employee Performance, Bandung Adventist Academy*

¹ Juwita Simbolon, is senior management student at Universitas Advent Indonesia

² Francis M. Hutabarat, is associate professor in management at Universitas Advent Indonesia

I. INTRODUCTION

Legitimize the employees to perform actions human resources is a major asset counterproductive, causing turmoil in industrial for a company. This is because relations between workers and employers.

the human resources play an active role in determining the or remuneration given by the company to planning, execution, control employees. Compensation affect the fulfillment processes, the company's of the needs of employees and family. If the compensation provided by the company to meet employees. Conversely, if the compensation is low, it will result in the employee tried to move the workplace. This means that any compensation to motivate employees to work in earnest. And the company itself will benefit in a variety of business activities. Problem of employee performance is in the function of compensation. For employees, compensation is seen as a tool to motivate employees to maintain the economic viability of their employees and to improve the performance of employees. This is in accordance with the present article from the magazine's website Tempo (2014), the government plans to raise the salaries of civil servants, police, and the Indonesian national army by 6 percent next year, employees are required to boost performance. A payroll system for civil servants, police, and military uses the merit system. This system will provide benefits or wage work in accordance with the employee's performance.

Based on the above description of the problem, the authors conducted a study with the title: "THE RELATIONSHIP BETWEEN COMPENSATION AND EMPLOYEE PERFORMANCE AT BANDUNG ADVENTIST ACADEMY."

II. REVIEW OF RELATED LITERATURE

To understand of what compensation is let us takes a look on the following literature. According Ardana et al (2012:153), compensation can be seen as everything that is received by the employee as remuneration

for his contribution to the company or organization can be regarded as compensation. If compensation is properly managed, it will be able to help the company or organization in achieving its goals. Moreover Ardana et al (2012:153) says compensation can be given as "wages and salaries" and compensation can be seen as "financial or non-financial." Of course in giving compensation, there is a reason or purpose for a company or organization in giving it. According Notoadmodjo cited by Sutrisno (2014:188), there are several purpose of compensation, they are: rewarding work performance; ensure fairness; maintain employees; Obtain quality employees; Cost control; and Meet regulations of the government. On the other hand, according to Werther and Davis cited by Subekti and Jauhar (2012:176), the purpose of compensation is an exchange of workers contribution to the organization. Meanwhile, according to AgusSunyoto cited by Subekti and Jauhar (2012:180), the purpose of compensation is: captivating employees, keep competent employees, and employee motivation and compensation.

On the other hand, employee performance is very much what intended of companies that have given compensation to their employees. Looking at its root word, the word performance according to Mirriam-Webster Dictionary (2015), there are several definition performance, such as: the execution of an action; something accomplished: deed, feat; the fulfillment of a claim, promise, or request; and the ability to perform. Nonetheless, performance is one of the important aspect of a company. According to Prabu (2012:9), employee performance is the work result in quantity and quality that has been achieved by an employee in their task entrusted to them. Moreover, according to Davis as cited in Prabu (2012:13), there are many factors that affecting employee performance, they are: ability and motivation factors.

Ability as in potential ability (IQ) and reality ability (knowledge + skill). These means that employees with high IQ can work on the task given more easily. And for motivation, the attitude of leaders and employees towards the work situation. Negative and positive attitude on the situation in the workplace can affect their work. Situation in these sense are: low working relationship, management policy,

leadership style, and workplace condition. On the other hand, Prabu (2012:14) stated that there are three factors that affecting performance, they are: individual factors, psychological factors, and organization factors. Of course, by knowing the performance of an employee the company can be benefitted. According to Sulistiani (2009:277278), the benefits for the company are: compensation adjustment; performance improvement; for training and development; for employee dismissal and work plan; for research purposes; and help in diagnosing employee mistake.

Every company wants their employee to have good performance. In order to achieve that, an employee need to do the task entrusted to them. Previous research indicated that compensation given to the employee is related towards the performance of an employee. According to Demokrat (2011:72) that research on compensation and employee performance, the research shows that t-count resulted in 4.145 and significant at p-value 0.000 and indicated that compensation has positive and significant relationship towards employee performance. Moreover, in another research conducted by Oluigbo and Anyiam(2014), their research resulted in that there is a relationship between compensation and employee performance. This results supported a research conducted by Lewa and Subowo (2005) that there is a positive and significant relationship between compensation and employee performance. This shows that the compensation given by the company is adequate and can improve the performance of the employee.

III. METHOD OF RESEARCH

The method used in this study is descriptive. A descriptive research aims to explain or describe the data examined. By analyzing the data and facts obtained from the research results can be concluded. This research was held at Bandung Adventist University, located on Jl. Naripan No. 91, Bandung. The operational variables in the study are independent variable and dependent variable. The independent variable in this study is compensation, with indicators such as: salary, incentives, and benefits. The dependent variable in the study was the performance of

the employee. This study was conducted in 2015 using a survey questionnaire that is used to obtain feedback from the research respondents. Data was analyzed using t-test with the used of SPSS.

IV. RESULTS OF THE STUDY

The study that was conducted in Bandung Adventist Academy resulted in the responds of the respondents regarding compensation based on their gender. Below, the results of the study are further explained.

Compensation at Bandung Adventist Academy Bandung Adventist Academy employees give their responds regarding compensation given in the academy. Table 1 explains the answers based on gender of the respondent.

Table 1: Compensation at Bandung Adventist Academy

| | Mean | Mean By Gender | | F | Sig. |
|----|--------|----------------|--------|-------|------|
| | | Male | Female | | |
| X1 | 4.5600 | 4.5714 | 4.5455 | .016 | .902 |
| X2 | 4.1600 | 4.0714 | 4.2727 | .300 | .589 |
| X3 | 4.1200 | 4.0714 | 4.1818 | .077 | .785 |
| X4 | 4.1200 | 4.2143 | 4.0000 | .291 | .595 |
| X5 | 4.1600 | 4.2143 | 4.0909 | .163 | .691 |
| X6 | 4.2000 | 4.2857 | 4.0909 | 1.428 | .244 |
| X7 | 4.1200 | 4.1429 | 4.0909 | .083 | .776 |
| X8 | 3.9600 | 3.9286 | 4.0000 | .038 | .847 |
| X9 | 3.8000 | 3.7857 | 3.8182 | .008 | .928 |

| | | | | | |
|---------------------------------|------------------|---------|---------|-------|------|
| X10 | 4.1600 | 4.21429 | 4.09091 | .410 | .529 |
| X11 | 3.6800 | 3.5714 | 3.8182 | .452 | .508 |
| X12 | 3.8400 | 3.7857 | 3.9091 | .112 | .741 |
| X13 | 3.9600 | 4.0714 | 3.8182 | 1.990 | .172 |
| X14 | 3.9200 | 3.9286 | 3.9091 | .009 | .924 |
| X15 | 4.0000 | 4.0714 | 3.9091 | .973 | .334 |
| X16 | 3.9600 | 4.0714 | 3.8182 | 1.384 | .251 |
| X17 Mean X (Compensation) | 3.8000 4.0305 | 3.7857 | 3.8182 | .011 | .919 |

Based on the table above, compensation given at Bandung Adventist Academy resulted in that there are no significant difference between the answer of male and female of Bandung Adventist Academy employees. Furthermore, all respondent agree that that they are given compensation on salary, incentive and benefits, accordingly, with mean 4.0305. Based on the table, the highest agreement on the compensation given in Bandung Adventist Academy can be seen from questionnaire X1, with mean 4.5600. Looking at the table lowest agreement given on the compensation in the academy can be seen in X10, with mean 3.6800. Male respondent gave the lowest answers with mean 3.5714. Overall, the F-test used shows that there are no significant between the answer of male and female, at $\alpha = 0.05$, since all ρ -value > 0.05 .

Employee Performance at Bandung Adventist Academy

Bandung Adventist Academy employees give their responds regarding employee performance given in the academy. Table 1 explains the answers based on gender of the respondent.

Table 2: Employee Performance at Bandung

Adventist Academy

| | Mean | By Gender | | F | Sig. |
|--|------------------|-----------|--------|------|------|
| | | Male | Female | | |
| Y1 | 4.2400 | 4.2143 | 4.2727 | .074 | .788 |
| Y2 | 4.2400 | 4.2857 | 4.1818 | .340 | .565 |
| Y3 | 4.2400 | 4.2857 | 4.1818 | .340 | .565 |
| Y4 | 4.0800 | 4.1429 | 4.0000 | .778 | .387 |
| Y5 | 4.2000 | 4.1429 | 4.2727 | .405 | .531 |
| Y6 | 4.2400 | 4.2857 | 4.1818 | .340 | .565 |
| Y7 | 4.0400 | 4.0000 | 4.0909 | .131 | .720 |
| Y8 Mean Y (Employee Performance) | 4.2000 4.1771 | 4.1429 | 4.2727 | .303 | .588 |

Based on the table above, the performance of employee working at Bandung Adventist

Academy resulted in that there is no significant difference between the answer of male and female of Bandung Adventist Academy employees. Furthermore, all respondent agree that that they are given have very good performance. Based on the table, the highest agreement on the employee performance given in Bandung Adventist Academy can be seen from questionnaire Y1, Y2, Y3, Y5, Y6 and Y8, with mean of 4.2400. The respondent indicated that they have high performance with mean 4.1771. Overall, the F-test used shows that there are no significant between the answer of male and female, at $\alpha = 0.05$, since all ρ -value > 0.05 .

The Relationship Between Compensation and Employee Performance

The study was conducted with the purpose to

find the relationship between compensation and employee performance at Bandung Adventist Academy. Table 3 shows the results regarding the relationship between the said variables.

Table 3: Relationship Between Compensation and Employee Performance
Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .145 ^a | .021 | -.022 | 3.36644 |

a. Predictors: (Constant), X – Compensation

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 30.978 | 3.627 | | 8.541 | .000 |
| X – Compensation | .028 | .040 | .145 | .702 | .490 |

a. Dependent Variable: Y – Performance

Based on the table 3 above, the results shows that there is a very low relationship between compensation and employee performance indicated by the value of R = 0.145. The results also shows that the contribution of compensation towards the changes in employee performance of 2.1%. The relationship however is not significant at $\alpha = 0.05$, with p -value of 0.490 as t-test calculation is $0.702 < t$ -table.

V. CONCLUSION

Based on the research results and the description above it can be concluded that the respondent suggested that the compensation is given accordingly with mean 4.0305 and performance of employee is high with mean performance of 4.1771. Overall, the F-test used shows that there are no significant between the answer of male and female, at $\alpha = 0.05$, since all p -value > 0.05 . There was no significant relationship between compensation and employee performance at Bandung Adventist Academy. The results can be shown through the t-test calculation is 0.702 and is lower than the t-table, which shows that H_0 is accepted, at $\alpha = 0.05$, with p -value of 0.490 and indicate that there is no significant relationship between compensation and employee performance at Bandung Adventist Academy.

REFERENCES

[Ardana, Mujiati, and Utama, 2012] Ardana, I. K., Mujiati, N. W., and I. W. M. Utama (2012). *Manajemen Sumber Daya Manusia*. Jogjakarta: Graha Ilmu.

Demokrat, S. N. (2011). *Pengaruh Kompensasi Terhadap Kinerja Dengan Motivasi Sebagai Variabel Moderating*. Retrieved from <http://eprints.uns.ac.id/10413/1/186401111201111531.pdf>.

[Lewa & Subowo, 2005] Lewa, E. I., and Subowo.(2005). Pengaruh Kepemimpinan, Lingkungan Kerja Fisik dan Kompensasi Terhadap Kinerja Karyawan di PT. Pertamina (Persero) Daerah Operasi Hulu Jawa Bagian Barat Cirebon. *Jurnal SINERGI:Kajian Bisnis dan Manajemen Edisi Khusus on Human Resources*. ISSN:1410–9018.

Merriam-Webster Dictionary. (2015). *Performance*. Retrieved from <http://www.merriamwebster.com/dictionary/performance>.

[Oluigbo & Anyiam, 2014] Oluigbo, I., and K. Anyiam. (2014). The Role of Compensation on Employee Performance in an Information Technology Organization. *International Journal of Research in Information Technology*, Vol, 2, Issue 4, pp. 548-558.

Prabu, A. (2012). *Evaluasi Kinerja SDM* (Cetakan Keenam). Bandung: Refika Aditama. [Sulistiani & Rosidah, 2009] Sulistiani, A. T., and Rosidah. (2009). *Manajemen Sumber Daya Manusia* (Cetakan Pertama). Jogjakarta: Graha Ilmu.

Sutrisno, E. (2014). *Manajemen Sumber Daya Manusia* (Cetakan Keenam). Jakarta: Kencana. [Subekhi & Jauhar, 2012] Subekhi, A., and M. Jauhar. (2012). *Pengantar Manajemen Sumber Daya Manusia. Prestasi*. Jakarta: Pustaka Jakarta.

Tempo. (2014). *Gaji Naik Kinerja PNS Harus Digenjot*. Diambil Tanggal 12 Oktober 2014 di situs <http://www.tempo.co/read/news/2014/08/17/087600153/Gaji-Naik-Kinerja-PNS-Harus-Digenjot>.