

EFFECT OF FINANCIAL COMPENSATION ON EMPLOYEE PERFORMANCE AT PT. SEMEN BOSOWA MAROS

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ABSTRACT

The Effect of Financial Compensation on Employee Performance at PT. Semen Bosowa Maros. This study aims to determine and analyze the effect of providing financial compensation consisting of salaries, allowances and incentives on PT employees' performance. Semen Bosowa Maros and to find out and analyze between the provision of financial compensation, the dominant influence on the performance of employees of PT. Bosowa Maros Cement. The population of this study were all employees of PT. Semen Bosowa Maros totaling 1,200 people and a sample of 92 respondents. The analysis technique used is multiple linear regression analysis. The results of the study prove that the provision of financial compensation in the form of salaries, allowances and incentives simultaneously has a significant positive effect on the performance of employees of PT. Bosowa Maros Cement. The results of this analysis explain that employee performance will increase supported by the provision of financial compensation. It is proven by the correlation coefficient value, where the value is close to one and the F-test value is close to zero and among these financial compensations, compensation in the form of salary is the dominant influence on employee performance based on the acquisition of the regression coefficient value (B) with the results of the t-test and Sig level < 0.05. This means that salary compensation is needed for every employee who can help employees meet the needs of themselves and their families.

Keywords: Financial compensation; employee performance

1. INTRODUCTION

In the current era of providing financial compensation to employees, it is still felt that it does not meet the level of needs and satisfaction of employees according to the level of income received. Many employees today crave the provision of financial compensation to be increased in accordance with the feasibility of giving it with the work done, to build employee motivation to be able to work well in carrying out their main tasks and functions in an organization. The grand theory based on the opinion of Michael and Harold (2004:43) states that the distribution of financial compensation is

in three categories, namely salary, allowances and incentives: (1) salary is the basic income given to each employee, (2) allowance is a gift for employee welfare, and (3) incentives are additional wages in return for services, such as overtime.

A phenomenon that can be exemplified regarding the provision of financial compensation is salary, benefits and incentives that impact employees' performance. If financial compensation is fulfilled, it will directly affect performance, otherwise, it will reduce employee performance. The gap in the provision of financial compensation received has not been in accordance with the demands for fulfilling needs and satisfaction. Including the increasing consumption needs, which impact the high inflation of the community's economy in meeting economic needs that are not balanced with the level of income employees receive from the wages earned, including various types of compensation available at PT. Bosowa Maros Cement.

The number of complaints and dissatisfaction with the provision of financial compensation received by employees, then directly or indirectly have an impact on the process of work activities, which affects the implementation of daily work activities, because employees are not motivated in carrying out their work activities, due to the compensation they receive cannot improve income and welfare.

On this basis, improving employee performance is heavily influenced by providing financial compensation through salaries, allowances, and incentives. This compensation shows how employees can improve their performance measured based on the leadership's assessment of the amount of work completed (quantity of work) or commonly called work input, quality of work completed (quality of work) or commonly called work output, and timeliness of work (efficiency) completed. which are known as outcomes.

Compensation in the Islamic perspective, is the price paid to workers for their services in the production of wealth like other factors of production. Islam offers a very good solution to the wage problem and saves both parties' interests. In Islam, compensation must be given to employees as a reward that the employer has promised, the employer will get the results of the work that has been completed while the worker will get wages or compensation from the energy that has been issued. As Allah SWT said in the Holy Qur'an,

وَقُلِ اعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَىٰ عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنبِّئُكُمْ
بِمَا كُنْتُمْ تَعْمَلُونَ ﴿١٠٥﴾

Meaning: "And say: "Work you, then Allah and His Messenger and the believers will see your work, and you will be returned to Allah Who Knows the unseen and the real, then He will give you what you do." (At Taubah: 105)

According to Hasibuan (2017:119), compensation is all income in the form of money, or goods directly or indirectly received by employees as compensation for services provided to the company. Establishing an effective compensation system is essential to human resource management because it helps attract and retain talented jobs. In addition, the company's compensation system impacts strategic performance. According to Handoko (2014: 155), compensation is everything employees receive for their work. Compensation programs are also important for companies because they reflect the organization's efforts to retain human resources.

Meanwhile, according to Rivai (2008: 309), performance is an actual behavior that is displayed by everyone as work performance produced by employees according to their role in the company. Therefore, employee performance is crucial in the company's efforts to achieve its goals. Furthermore, Gomes (2003) defines employee performance as expressions such as output, efficiency and effectiveness and is often associated with productivity.

Furthermore, the definition of performance according to Mangkunegara (2006:9) that employee performance (work performance) is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Therefore, it is concluded that the performance of human resources is work performance or work (output) both quality and quantity achieved per unit time period in carrying out their work duties in accordance with the responsibilities given to them.

The Qur'an and Hadith also discuss good employee performance in Surah An-Nahl: 97,

مَنْ عَمِلَ صَالِحًا مِّنْ ذَكَرٍ أَوْ أُنْثَىٰ وَهُوَ مُؤْمِنٌ فَلَنُحْيِيَنَّهٗ حَيٰوةً طَيِّبَةً وَلَنَجْزِيَنَّهُمْ أَجْرَهُمْ بِأَحْسَنِ مَا كَانُوا يَعْمَلُونَ ﴿٩٧﴾

Meaning: “Whoever does good whether male or female and he is a believer, We will most certainly make him live a happy life, and We will most certainly give them their reward for the best of what they did.”

Based on some of the opinions above, it illustrates that performance is the result of work that can be measured through certain measurements (standards), taking into account the quality, quantity, and timeliness of work in carrying out tasks in accordance with the responsibilities given by superiors. achievement of the implementation of an activity or program or policy in realizing the goals, objectives, mission and vision of the organization contained in the strategic plan of an organization.

Moving on from understanding the policy strategy and the importance of compensation policies in an organization, the researchers are interested in understanding the forms of compensation applied in PT. Semen Bosowa Maros to see how the compensation policy needs to be explored in proving that the compensation policy has been implemented and the extent of the impact of the compensation on employees in carrying out daily work activities to achieve organizational goals. This research is expected to provide benefits, for PT. Semen Bosowa Maros is a policy maker in providing financial compensation that affects employee performance and develops knowledge on how essential compensation is for achieving organizational goals.

2) METHODS

The population of this study was all employees of PT. Semen Bosowa Maros totaling 1,200 people and a sample of 92 respondents. The sampling technique was carried out by purposive sampling, directly appointing respondents according to the research criteria. The study gathered primary and secondary data from interviews, observations, and documentation studies. Four variables indicators, namely: performance, salary provided; allowances; and incentives, are measured by using Likert Scale.

3) RESULTS AND DISCUSSION

Financial Compensation in the form of Salary on Employee Performance

The form of salary provision has been applied in PT. Semen Bosowa Maros for every employee, even though not all employees seem satisfied with their salary. However, employees understand that a salary provision is a form of remuneration for work activities carried out by employees to achieve organizational goals. This can be a consideration to further increase salary payments to each employee in meeting the needs of employees and their families.

Giving salaries received by employees is essentially a form of remuneration for the work they do. The provision of this compensation has considerations on humanitarian grounds and is based on fairness and equitable welfare. Based on humanity, every employee who works yearns for an increase in dignity and worth to have an income that is in accordance with the level of his needs. On the basis of fair and equitable welfare in working or doing activities, every employee has the same rights and obligations to be able to live a better life.

Basic salary is a form of salary that has been regulated based on the provisions of Government Regulation no. 9 of 2007 which juridically, sociologically, normatively and psychologically includes the rules that everyone who works needs to receive an award in the form of an income or salary that is equivalent to the salary standard or wage standard applicable in a country in this case in accordance with the minimum standard of living. The current minimum standard of living is IDR 800,000, converted according to class, rank, position, and work period. And this is a manifestation that the basic salary is seen as a humane salary standard and can prosper.

Financial Compensation in the form of Allowances for Employee Performance

Financial compensation in the form of allowances is a gift or remuneration received by employees in the form of increasing the social status of employees in an organizational system. The form of allowance compensation has been applied to PT. Semen Bosowa Maros for each employee, although not all employees seem satisfied with the compensation benefits received. Because it is realized that the provision of compensation benefits is a form of remuneration received by employees whose form increases the level of the social status of employees in an organizational system.

Provision of compensation benefits as a guarantee given by the company to its employees to be more enthusiastic in carrying out the main duties and functions of employees. An institution usually provides compensation benefits to its employees through husband/wife, child, and structural allowances. A husband/wife allowance is an allowance given to a husband or wife per the existing policy conditions applied. The need for the provision of husband/wife allowances is a form of motivation for employees to be able to work well, where the husband/wife function is the main motivating element for each employee to be able to work well in carrying out their main duties and functions.

Child allowance is needed because the child of an employee is a child who motivates employees to work to carry out their main duties and functions so that employees' children can live in prosperity together with their parents, then, allowances are given by the state through standard institutional policies. Each employee is borne by the state for a maximum of 2 (person) children in the context of the welfare of the child's life so that it is not neglected or lacks funding in maintaining and caring for him.

Structural allowance is a salary given to employees, considering the position they hold, which has a high responsibility. Hence, it is necessary to give compensation, so as not to neglect their responsibilities from their main duties and functions as employees who are loyal to their work activities. In addition to those mentioned above, employees also receive material benefits in the form of general benefits that can increase employee income and welfare. The form of the general allowance is in the form of material giving the value of rupiah in accordance with the level of class owned by the employee. This general allowance is an allowance that can complement and provide added value for employees to carry out their main duties and functions properly.

Financial Compensation in the form of Incentives for Employee Performance

The form of incentive compensation has been applied to PT. Semen Bosowa Maros to each employee in the form of overtime pay, bonuses, meal allowances and transportation money as a form of remuneration given to employees for active and proactive forms of activity carried out to achieve organizational goals. The provision of incentive compensation is based on the implementation of the main duties and functions of employees, which requires compensation given to employees based on the authority received and the work responsibilities carried out based on their

needs. Every employee wants to receive incentive compensation through overtime pay, bonuses, higher food allowances, and transportation fees.

In addition, many employees in carrying out their work activities feel inadequate with the salary they receive, so many of the employees feel very grateful for the incentives provided. The provision of incentives in question is the provision of additional wages based on the existence of work activities that obtain work results which are divided according to leadership policies based on the level of the group of employees seen in the work activities that produce these. The existence of this incentive will certainly ease the burden on the personal and family needs of employees, both material and non-material incentives, for example, the development of incentives for work results from a project that is legally a benefit to the management of the organization, by providing incentives to employees involved in project activities. or tender activities. This means that the provision of incentives influences the development of employee performance.

Employees also always hope for work bonuses as compensation that can increase and support lightening the burden of meeting needs as an additional value of income. Realizing that an employee's income is sufficient income to fulfill his work activities and his daily needs, by giving this bonus it will certainly reduce employee expenses to use his income and be able to allocate the income to useful things. The forms of bonuses that employees often receive are in the form of bonuses for completing a work activity given by the leadership based on predetermined work results, bonuses for loyalty to develop work performance so that they excel, bonuses for operating costs and bonuses in the context of certain events such as celebrating holidays, anniversaries, agency birthdays or bonuses from outside parties related to working partnerships. With this bonus, employees can develop and improve their performance.

CONCLUSION

The study's results prove that providing financial compensation in the form of salaries, allowances, and incentives simultaneously has a significant positive effect on the employees' performance in PT. Semen Bosowa Maros. The results of this analysis explain that employee performance will increase supported by the provision of financial compensation. Evidenced by the value of the correlation coefficient, where the value is close to one, and the F-test, whose value is close to the value of zero. Among the financial compensation, compensation in the form of salary

dominantly affects employee performance, based on the acquisition of the regression coefficient (B) with the results of the t-test and the level of Sig. < 0.05. This means that salary compensation is needed for every employee who can help employees meet the needs of themselves and their families.

The study suggests that it is recommended that in the future, compensation should be considered for the leadership, so that compensation is given evenly based on the performance of each employee in accordance with the position and work loyalty shown, thus affecting the increase in the performance of the organization. Furthermore, compensation policies continue to be given to employees based on the level of performance achieved and the organization's needs.

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