

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 the performance of employees of PT. 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: Compensation and 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 always crave the provision of financial compensation to be increased in accordance with the feasibility of giving it with the work done, in order 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: (i) 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 have an impact on the performance of employees. 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 fulfillment of needs and satisfaction. Including the increasing

consumption needs which have an impact on the high inflation of the community's economy in meeting economic needs that are not balanced with the level of income received by employees 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 affect 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, the process of improving employee performance is heavily influenced by the provision of financial compensation in the form of 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.

a. Formulation of the problem

Based on the background that has been described, the formulation of the research problem is:

1. Does financial compensation consisting of salary, allowances and incentives affect the performance of employees of PT. Bosowa Maros Cement?
2. Among the provision of financial compensation, which is the dominant influence on the performance of employees of PT. Bosowa Maros Cement?

b. Research purposes

1. To determine and analyze the effect of providing financial compensation consisting of salaries, allowances and incentives on the performance of employees of PT. Bosowa Maros Cement.
2. To find out and analyze among the financial compensation, the dominant influence on the performance of employees of PT. Bosowa Maros Cement.

c. Benefits of research

This research is expected to provide benefits, namely:

1. For research sites, as input for PT. Semen Bosowa Maros as a policy maker in providing financial compensation that affects employee performance.
2. For the development of knowledge, it is useful in understanding the importance of financial compensation for improving performance.

2. Literature Review

a. Human Resource Management

Management has been widely referred to as “the art of getting things done through other people”. This definition, put forward by Handoko (2003:3) implies that

managers achieve organizational goals through setting other people to carry out the various jobs needed, or in other words by not doing the jobs themselves.

Flippo (2000:5) human resource management is planning, organizing, directing and supervising the activities of procurement, development, compensation, integration, maintenance and release of human resources in order to achieve various individual, organizational and community goals.

This definition combines management functions and functions in the field of human resources. Handoko (2003:10) states that the basic concepts of management (human resources) that have been stated above, various views that are important in the study of organizational management and human resources are carried out in the right perspective. These views include:

1. Human resource approach. Management is the management and utilization of human resources.
2. Managerial approach, namely management is the responsibility of every manager. The human resources department only provides and provides services or services for other departments.
3. Systems approach, management is a subsystem of a larger system, namely the organization. Therefore, the management of the organization must be evaluated with the criteria of the magnitude of the contribution made to the organization.
4. Proactive approach, namely management can increase its contribution to employees, managers and organizations through anticipating problems that will arise.

b. Definition of Compensation

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 problem of wages and saves the interests of both parties. In Islam, compensation must be given to employees as a reward that has been promised by the employer, 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 the Prophet SAW said:

وَقُلْ اَعْمَلُوا فَسَيَرَى اللّٰهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ اِلٰى عِلْمِ الْغَيْبِ وَالشَّهَادَةِ
فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

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, goods directly or indirectly received by employees as compensation for services provided to the company. The establishment of an effective compensation system is an important part of human resource management because it helps attract

and retain talented jobs. In addition, the company's compensation system has an impact on strategic performance. According to Handoko (2014: 155) Compensation is everything that employees receive as compensation for their work. Compensation programs are also important for companies, because they reflect the organization's efforts to retain human resources.

c. Compensation Policy

One form of policy in the development of human resource organizations that must be aligned with the needs of the organization and the progress of the organization is a compensation policy. According to Sutopo (2005:79) this compensation policy is a strategy that leads every organization to carry out organizational functions from individual bureaucracies both personally and collectively. The success or failure of an organization is determined by the existence of these human resources. Because it is important to be given a compensation in the form of salary and non-material in accordance with the demands of the needs of the driving force of the organization.

On the basis of this compensation policy, it is necessary to look at the important role of compensation in advancing a bureaucratic organization in achieving its goals. Achieving a goal will rely on driving the dynamics of the organization. One of these drivers is the provision of financial compensation to employees. compensation received by employees becomes motivation and enthusiasm for employees to carry out existing task functions within an organization. Nurdin (2004:49) states that a policy of providing financial compensation in an organization or bureaucracy will revive the functions and roles of driving an organization to develop and progress. Pramana (2005:12) explains that the strategic compensation policy is to motivate and grow the enthusiasm of employees to work, because there are desires, hopes, needs and satisfaction to be fulfilled. This view is the basis for researchers to understand the importance of compensation to be studied in depth and broadly regarding the basics of understanding compensation that are widely applied by organizations.

Moving on from understanding the policy strategy and the importance of compensation policies in an organization, the researchers are interested in understanding the forms or types of compensation applied in a work organization such as at the research agency, namely PT. Semen Bosowa Maros to see how the form of 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.

d. Providing Financial Compensation

In general, the provision of financial compensation in the perspective of an organization according to Gilbert (2004:49) is basically divided into three parts, namely salaries, benefits and incentives. The three compensations identified that in general the compensation applied by an organization consists of:

- a. Salary is in the form of salary, bonuses, incentives/allowances and the availability of pleasant office space.
- b. Allowances, namely the provision of awards, promotional and recreational opportunities which are carried out once a year.
- c. Incentives are in the form of giving authority, achievement and responsibility.

The definition of financial compensation according to Hamid (2004:21) in employee administration is to provide compensation for services provided. Financial compensation is given as a motivation for employees to work better. It is hoped that the contribution made can improve its performance. Another opinion regarding the provision of financial compensation according to the limits given by Makmum (2003:45) that the provision of financial compensation is a form of supporting wages in growing work stimulation that leads to increased performance. So that the provision of work incentives that Commonly provided by government or private agencies can be in the form of structural-functional allowances (position compensation), side dishes compensation, health compensation and transportation incentives.

Every work activity must be assessed with an award. The form of the award is usually given in the form of financial compensation. Yunus (2004:152) is more assertive in interpreting that what is meant by the provision of financial compensation is usually in the form of goods, money, gifts and gifts. More specifically and commonly, it is in the form of a stipulation on the amount of financial compensation in the form of rupiah to be given per month, per semester or per year depending on the policy of providing financial compensation. What is clear is that compensation contributions are a form of giving for the welfare of employees and their families.

This is also further emphasized by Nelson (2003:49) that the provision of financial compensation varies according to the policies of the decision makers of government or private agencies. Usually, the provision of financial compensation is in the form of financial compensation for positions, compensation for side dishes, health compensation and transportation incentives. Therefore, the provision of financial compensation is very important and highly expected by employees to be able to improve their work abilities.

In contrast to the opinion expressed by Abidin (2005:23) that the provision of financial compensation does not have to be in the form of structural allowances, functional allowances, health benefits and operational allowances. However, the provision of financial compensation can be in the form of providing work facilities, time opportunities, future guarantees and matters relating to performance triggers.

The above description also provides the view that in understanding the provision of compensation is not adjusted to the form of material giving for positions or services. However, the provision of financial compensation in question is to provide a nuance of feasibility and appropriateness for employees to carry out more productive activities. One of them is the provision of financial compensation to improve competence.

3. Performance

According to Rivai (2008: 309), performance is a real behavior that is displayed by everyone as work performance produced by employees according to their role in the company. Therefore, employee performance is very important 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 Verse 97

مَنْ عَمِلَ صَالِحًا مِّنْ ذَكَرٍ أَوْ اُنْثَىٰ وَهُوَ مُؤْمِنٌ فَلَنُحْيِيَنَّهٗ حَيٰوةً طَيِّبَةً وَلَنَجْزِيَنَّهُمْ اَجْرَهُمْ بِاَحْسَنِ مَا كَانُوْا يَعْمَلُوْنَ

It means:

Whoever does righteous deeds, both men and women in a state of faith, then surely We will give him a good life and indeed We will reward them with a better reward than what they did.

The meaning in the Qur'an Surah An-Nahl verse 97 which contains in the world of work an employee must work well and sincerely, in order to get a good reward according to the performance they have done.

Based on some of the opinions above, it provides an illustration 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.

4. Research Methods

The population of this study were 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, namely by direct appointment of respondents according to the research criteria. Types and Sources of Primary and Secondary Data. Data collection techniques are interviews, observations, and documentation studies.

a. Research Variables and Operational Definitions

1. Performance is a series of actualization of work carried out to obtain work results that are in accordance with the main tasks and functions which are assessed based on the leadership's assessment. The indicators are:
 - a. Work actualization is the potential shown by employees in carrying out their work activities.
 - b. Work results are the achievement of optimal work activities.
 - c. The main duties and functions are the implementation of the main tasks and functions that are the authority of the employee to be carried out.
 - d. Leadership assessment is an objective evaluation of the leadership on the activities carried out by employees.

Measurement using a Likert scale of 5,4,3,2,1, assuming 5 = very good, 4 = good, 3 = not good, 2 = not good and 1 = very not good.

2. Salary is the provision of wages to employees who are given every month and year as remuneration for work activities. The indicators are:
 - a. Wages are income receipts based on hours worked.
 - b. Salary is the receipt of income which is determined every month based on position and class.

Measurements using a Likert scale 5,4,3,2,1, assuming 5 = very satisfied, 4 = satisfied,

3 = quite satisfied, 2 = dissatisfied and 1 = dissatisfied.

3. Allowances are the provision or remuneration received by employees whose orientation is to improve employee welfare. The indicators are:
 - a. Social security is an allowance provided for employees to get a decent social life guarantee.
 - b. Life insurance is an allowance provided to employees who die.
 - c. Health care is an allowance provided for employees to get convenience in health care.

Measurement using a Likert scale 5,4,3,2,1, assuming 5 = very satisfied, 4 = satisfied, 3 = quite satisfied, 2 = less satisfied and 1 = dissatisfied.

4. Incentives are additional as remuneration provided to employees for forms of activities outside of working hours that are active and proactive carried out to achieve organizational goals. The indicators are:
 - a. Commission is the provision of income other than the basic salary based on the results for the employee and the company.
 - b. Bonus is the provision of income other than the basic salary based on additional hours worked.

Measurement using a Likert scale 5,4,3,2,1, assuming 5 = very satisfied, 4 = satisfied, 3 = quite satisfied, 2 = less satisfied and 1 = dissatisfied.

b. Data Analysis

To test the hypothesis that has been proposed in this study, the following analytical methods are used:

1. Descriptive analysis of the effect of financial compensation on employee performance at PT. Bosowa Maros Cement.
2. Multiple linear regression analysis method to analyze the effect of financial compensation on employee performance at PT. Bosowa Cement. Maros with the formula: (Sugyono, 2004:47)

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e_i$$

Dimana:

Y = Kinerja

X₁ = Gaji

X₂ = Tunjangan

X₃ = Insentif

b₁-b₃ = Koefisien Regresi (Parameter)

b₀ = Konstanta (Intercept)

e_i = Faktor Kesalahan

5. Discussion

a. Financial Compensation in the form of Salary on Employee Performance

The form of salary provision has been applied to PT. Semen Bosowa Maros for every employee, although not all employees seem satisfied with the salary they receive. However, employees have understood that salary provision is a form of remuneration for work activities carried out by employees in achieving organizational goals, so that 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 on the basis of just and equitable welfare. On the basis of humanity that every employee who works yearns for an increase in dignity and worth to be able to have an income that is in accordance with the level of his needs. On the basis of fair and equitable welfare that 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. , where the current minimum standard of living is IDR 800,000 which is converted according to class, rank, position and period of service. And this is a manifestation that the basic salary is seen as a humane salary standard and can prosper.

b. 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 level of 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 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 in the form of husband/wife allowances, child allowances and structural allowances.

Husband/wife allowance is an allowance given to husband or wife in accordance with 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. That 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 of the position they hold, which has a high responsibility, so it is necessary to give a 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.

c. 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 in the form of 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 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 has an influence on 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 are often received by employees 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.

6. Conclusion

Based on the results of the research and discussion above, it is concluded as follows:

1. 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. 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.
2. 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.

7. Suggestion

Based on the results of the research discussion, it is recommended:

1. 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 PT. Bosowa Maros Cement.
2. It is recommended that compensation policies continue to be given to employees based on the level of performance achieved and the needs of the organization.

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