

## PERFORMANCE REVIEW OF LABOUR'S TAKE HOME PAY AND NON-FINANCIAL COMPENSATION

**Asmara Indahingwati**

Email: asmarasw65@gmail.com

Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya

**Abstract.** Labour performance is crucial reciprocation of a company, in the organization of the role human capital is the basis for determining whether or not achieved the goals of the organization that has been set. Therefore we need guidance and development of human resources effectively for the smooth process of the activities in an organization that will come. This study aims to determine the compensation dampak financial and non-financial compensation to labour performance by taking labour's of PT. Logistics in Surabaya Indah through saturation sampling technique as many as 52 people. Data were analyzed using multiple regression know that the financial and non financial compensation jointly affect the performance of labours. The coefficient of determination shows financial or non-financial compensation to simultaneously deliver effective contribution to the labour's performance of 69.8%. Partial test results show the compensation of financial and non-financial compensation respectively positive and significant effect on the performance karyawan with probability of less than 5%.

*Keywords: financial, non-financial compensation, labour's performance*

### ISSUES

Business competition between companies increasingly high making company is required to maintain the viability of the company, in order to be able to become the leader of the company. Companies are expected to continue to run and can meet the needs of all employees and can capture the need and want (needs and wants) of consumers to achieve these objectives. The success of the various activities of the company in achieving its objectives not only depends on technological superiority, operating funds are available, the means or the infrastructure owned, but also depends on the human resources aspects. The human factor is an element that must be considered by the company, especially when considering the free trade era is about to begin, where the climate faced competition will be very different and it will be very difficult. It is forcing every company must be able to work more efficiently, effectively and productively given the competition in the agricultural industry each year will experience an increase, coupled with the high level of competition, high production quality, which will spur the company to be able to survive by giving attention to the human resources aspects.

Human resources is one very important factor in a company in addition to other factors such as capital, human resources should be managed properly to improve the effectiveness and

efficiency of the company, (Handoko, 2012). The organization's goals can be achieved as much as possible when supported by the good performance of the employees. Performance or achievements of the work is the work of quality and quantity is achieved by an employee in performing their duties in accordance with the responsibilities given to him, (Mangkunagara, 2012). To get good performance from employees, the guidance should be sought in a structured and effective. Companies in an effort to mobilize employees to want to work more productively again in accordance with company objectives that have been set. The magnitude of the effect of the role of employees who are actors in all the activities of companies ranging from planning, organizing, implementation and the evaluation stage. The Company seeks to give great attention to the performance of employees who serve as operational support. Facilities and infrastructure are complete, modern equipment, the quality and credibility of human resources and responsibilities in the work required to achieve a company's goals. The ability possessed by employees in the company must be utilized as well as possible so as to provide maximum performance results. Companies will appreciate the role of employee compensation. This compensation awards as one of the instruments of work or sign the remuneration of the company's employees. Each company would have a system of calculation to determine the amount of decent salaries received

by employees in accordance with his performance. Similarly, the workers of PT. Logisik Surabaya Indah is a company engaged in services and document delivery. To achieve these objectives, the company continually strives to develop and improve human resources in it. Companies feel that human resources is now an indispensable level of benefits and advantages of professionalism. For that companies need to manage human resources in a way to motivate its workers, one of them with the compensation. Compensation is all the income in the form of money, goods directly or indirectly, the goods are received by workers in exchange for services provided by the company. Compensation can be divided into two: direct and indirect compensation, direct compensation includes: salaries, wages, and wage incentives while indirect compensation covering the welfare of workers, (Hasibuan, 2014). Giving compensation is important for workers and companies, in addition to meet the needs of workers as benefits granted to the company remuneration is an award that affect the behavior or conduct of workers in work (Bakotic and Tomislav, 2013). To that end, the granting of compensation not only benefit the workers, but the company will acquire the workers who contributed to the company, work diligently and always work with the best.

**THEORETICAL REVIEW**

**Compensation**

According Hasibuan (2014), compensation is all the income in the form of money, goods directly or indirectly, the goods are received by workers in exchange for services provided by the company. Compensation can be divided into two: direct and indirect compensation, direct compensation includes: salaries, wages, and wage incentives while indirect compensation covering the welfare of workers. Meanwhile, according to Handoko (2012), compensation is everything received the workers as remuneration for their work, while Mangkunagara (2012) defines the compensation is something which is considered as something comparable. Based on the above theory exposure can be concluded that the compensation is salary, incentives, transportation allowance, and bonuses are given either directly or indirectly by a company or organization to the employees of remuneration for work. The compensation is one of the implementation of human resource management functions that relate to all types of individual awards as an exchange in the performance of the workers. The level of compensation determines lifestyle, status, self-esteem and attitude of workers toward the company.

Compensation is divided into two kinds, (Simamora, 2013): 1) financial compensation, is something that is accepted by the workers in the form of such salaries or wages, bonuses, premiums, medical, insurance, and other similar paid by the company, 2 ) non-financial compensation, a complementary compensation that is not directly related to work performance. Non-financial compensation consists of a person's satisfaction derived from work, psychological and physical environment where laborers. According Rival (2011) forms of non-financial compensation (nonfinancial compensation) consists of satisfaction derived laborers in the work of environmental psychology and physical labor at work. Compensation typically nonfinancial include the satisfaction gained from the implementation of a significant task and have a relationship with the work. The compensation is a function of strategic human resources that have a significant impact on other human resource functions. Financial compensation also affect the company's overall strategy for compensating a powerful influence on job satisfaction, productivity, labor rotation and other processes.

Compensation given is important for workers and companies, in addition to meet the needs of workers as benefits granted to the company remuneration is an award that affect the behavior or conduct of workers at work. Providing compensation not only benefit the workers, but the company will acquire the workers who contributed to the company, work diligently and always work with the best. The level of the compensation is influenced by several factors, (Nawawi, 2013), among others; 1) supply and demand, 2) unions, # ability to pay, 4) productivity, 5) costs, 6) government.

There are five characteristics that should be possessed of compensation, if compensation desired optimally effective in achieving its objectives, (Simamora, 2013), namely: 1) the significance, a reward would not be able to influence what is done by the person, or how you feel labor if it not important to him. Their wide range of differences among people looking impossibly clear that any compensation is important for everyone in the organization. Thus, the challenge in designing a system of rewards is seeking reward as much as possible to approach the range of workers and implementing various incentives in order to ensure that the rewards

available is important for all types of individuals in the organization, 2) flexibility, if the reward system tailored to the characteristics unique individual members, and if the rewards are provided depending on a certain level of performance, then the rewards requires some degree of flexibility. Flexibility in return is a prerequisite necessary to design a system of rewards associated with individuals, 3) the frequency, the more often a reward can be given, the greater the potential usefulness as a means of affecting the performance of the workers. Because of the highly coveted rewards are rewards that can be supplied by frequently without losing its significance, 4) visibility, the rewards must necessarily be seen if desired so that the workers feel the link between performance and reward. Rewards are visible (visible) has the added advantage of being able to satisfy the needs of workers for recognition and awards, 5) costs, real compensation system simply can not be designed without consideration given to the cost of remuneration covered. Clearly, the lower the cost, the benefits are more desirable from the standpoint of the organization.

**Performance**

According Mangkunagara (2012) are the work performance qualitatively and quantitatively achieved by a worker in carrying out their duties in accordance with the responsibilities given to him. The better the performance level of worker owned by the company, the better the performance of the company. Effective performance is able to meet targets and performance standards contained in a job. Labor performance will determine the company's success in realizing all the goals, because workers are people who do the planning, organizing, directing and controlling for all activities of the company. Every company needs to optimize the performance of workers in improving the company's competitive advantage. Rival (2011) and Hasibuan (2014) assessment of performance is the result of labor within the scope of responsibility. The performance assessment refers to a formal and structured system used to measure, assess and influence the properties associated with the work, behavior and results, including absenteeism.

Worker performance is a measure that can be used to set the comparison results of the implementation of tasks, responsibilities given by the organization in certain periods and relative can be used to measure job performance or the

performance of the organization. According Prawirosentono (2010) performance can be assessed or measured by several indicators, namely: 1) effectiveness, ie when the group's goals can be achieved with the planned needs, 2) responsibility, an integral part or as a result of ownership of authority, 3) discipline, ie obedient to the laws and rules that apply. Labor discipline is obedience workers concerned in respect of employment agreement with the company work, 4) initiatives. Mind of related to power, creativity in the form of an idea associated with the company's goals. The nature of the initiative should receive the attention or the company's response and a good boss. A labor initiatives that will thrust of progress Ultimately Affect the performance of the workers.

**RESEARCH METHODS**

**Population and Sample**

The population in this study is a population of workers of PT. Logistics Surabaya Indah many as 52 people, while sampling technique used in this study is saturated side, where the technique determination of sample when all members of the population of members of the population used as a sample, so the sample in this study as many as 52 workers of PT. Indah Logistics Surabaya.

**DATE ANALYSIS**

**Validity and Reliability**

Tests done on the validity of the items on the questionnaire that question by calculating the correlation coefficient of each question with a total score obtained is then compared with the critical number r product moment. When the correlation coefficient is greater than the critical value, the question is considered valid Ghazali (2013). Measurement reliability in this research is to use the one-shot method or measurement only once. To measure with a view Cronbach alpha reliability. A construct or variable can be said to be reliable if it gives Cronbach alpha values > 0.60 (Ghozali, 2013). Table 1 shows all items have a question about the significance of the correlation test below 0.05 so that questionnaires distributed declared invalid, these conditions mean that the entire item in question valid and can be used in research. While the results of reliability testing as follows

**Table 1. Reliability**

Scale	Cronbach	Result
-------	----------	--------

Financial compensation	0,648	Reliable
Non-Financial Compensation	0,635	Reliable
Performance labor	0,660	Reliable

The test results obtained reliability Cronbach's alpha value for each variable is greater of 0.60, which means grains have a question of all the variables entirely reliable and can be used in research

**Linearity Relationship**

According Arikunto (2012), multiple linear regression analysis is a statistical procedure for analyzing the relationship between the variables of one or more independent variables on the dependent variable multiple regression formula is as follows:*Performance Labor* = a + b1KF + b2KNF

**RESEARCH RESULT**

**Multiple Linear Regression Analysis**

Multiple linear regression analysis is used to determine how much influence the factors used in the research model that is financial compensation and non-financial compensation to the performance of workers of PT Indah Logistics Surabaya linearly. The test results shown in Table 2 as follows:

Table 2. Summary of Regression Testing

Compensation Variable	Koefisien Regresi	Sig.	r
Finansial	0,705	0,000	0,645
Non Finansial	0,306	0,027	0,310
Constanta	2,693	R =	0,761
Sig. F	0,000	R <sup>2</sup> =	0,580

From the tables date 6 obtained regression equation is:  $KK = 2.693 + 0.705KF + 0.306KNF$

From the regression equation above can be described as follows; 1) The value of the constant (a) of 2.693 indicates that if the independent variables consisting of compensation of financial and non-financial compensation = 0, then the performance of the workers will be at 2,693 2) a variable compensation of financial and non-financial compensation respectively indicate the direction of a positive relationship with the performance of workers. These results indicate that the better the compensation of financial and non-financial compensation will increase the performance of workers.

**DISCUSSION**

The performance assessment is very important for the workers, penilaian methods are used, and how results are communicated can have positive or negative impact on the morale of workers. One way to improve the performance of the workers through the compensation giver. The compensation required by the company to maintain and improve the shape, the spirit to get the level of labor productivity is expected. Companies must have the form and the spirit of giving a compensation appropriate to the circumstances and conditions, as it will facilitate the harmonious and balanced relationship between the production process capability and maturity of the workers and the enterprise workers improve performance as expected.

From the results of statistical analysis that has been done above shows the effect of variable compensation of financial and non-financial compensation jointly on the performance of workers of PT Indah Logistics Surabaya is significant. These results indicate that the rise and fall of labor performance is determined by how well their satisfaction over the work provided by the company and how high motivation in their work. This condition is strengthened by the acquisition of multiple correlation coefficient of 69.8% showed a correlation or relationship between these variables simultaneously on the performance of workers of PT Indah Logistics Surabaya has a close relationship. These results are in line with the opinion of Handoko, (2012); Herpen, Praag, and Kees (2012); Hamdi (2013); Rumada and Main (2013) Award compensation is important for workers and companies, in addition to meet the needs of workers as benefits granted to the company remuneration is an award that affect the behavior or conduct of workers at work. To that end, the granting of compensation not only benefit the workers, but the company will acquire the workers who contributed to the company, work diligently and always work with the best (and Tomislav Bakotic, 2013).

The test results showed that the financial compensation has significant influence and positive impact on the performance of the workers. The results indicate that the better provision of financial compensation will increase worker morale, because it will increasingly prosper life of workers and their families so that their performance will also be increased.

Provision of financial compensation not only helps workers to acquire basic needs but also the needs of labor is higher. Workers often see financial compensation as a reflection of the contribution of workers to the organization's attention. The purpose of the compensation is to improve the performance, motivation, performance rewards workers considered important for the workers as individuals because of the amount of remuneration reflects the size of the value of the work, (Nawawi, 2013; and Yahyo, 2013). These results support the research that has been done by Astriviani, et.al (2013); Karatepe and Turgay (2013); and Purwaningsih (2012) which shows the financial compensation affect the performance of the workers.

Non-financial compensation is a supplementary compensation that is not directly related to work performance. Nonfinancial compensation consists of a person's satisfaction derived from work, psychological and physical environment where laborers. The test results indicate that non-financial compensation has significant influence and positive impact on the performance of workers of PT Indah Logistics Surabaya. The results indicate that the better financial provision of non-financial compensation will increase workers' morale. Non-financial compensation is compensation complementary. The provision of non-financial compensation is a function of strategic human resources that have a significant impact on other human resources functions for non-financial compensation affect the overall strategy of the company to a strong influence on job satisfaction, productivity, labor rotation and other processes. These results support the research that has been done by Astriviani, et.al (2013); Danner, Henk, and DeVries (2014); Waldman (2014); and Purwaningsih (2012), which showed non-financial compensation affect the performance of the workers.

## CONCLUSION

Conclusion The results of this study can be expressed as follows; 1) The test results showed the effect of variable compensation of financial and non-financial compensation jointly on the performance of workers is significant that shows both variables feasible to use research. These results indicate that the rise and fall of labor performance is determined by how well their satisfaction over the work provided by the company and how high motivation in their work, 2) the test results also indicate the acquisition of multiple determination coefficient of 69.8%

showed a correlation or relationship between the variables simultaneously on the performance of workers of PT Indah Logistics Surabaya has a close relationship, 3) partial test results show the compensation of financial and non-financial compensation respectively positive and significant effect on the performance of workers.

## REFERENCE

- Arikunto, S. 2012. *Prosedur Penelitian Suatu Pendekatan Praktik*. Penerbit Rineka Cipta. Jakarta.
- Astriviani, B., H.N. Utami dan M.S.Hakam. 2013. Pengaruh Kompensasi Finansial Terhadap Kepuasan Kerja Dan Prestasi Kerja Karyawan PT. Astra Internasional, Tbk Daihatsu Malang. *Jurnal Aplikasi Manajemen*. 5. (1).
- Bakotic, D dan Tomislav, B. 2013. Relationship Between Working Conditions and Job Satisfaction: The Case Of Croatian Shipbuilding Company. *International Journal of Buisiness and Social Science*. 4 (2): pp:206-213.
- Danner U.N., Henk, A., and DeVries, N.K. 2014 Habit vs. intention in the prediction of future behavior: The role of frequency, context stability and mental accessibility of past behavior, *British Journal of Social Psychology* (2008), 47, 245–265
- Ghozali, I. 2013. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21 Update PLS*. Edisi Ketujuh. Penerbit Universitas Diponegoro. Semarang.
- Giarti, Y. 2013. Pengaruh Kompensasi, Lingkungan Kerja, Kepemimpinan Dan Budaya Organisasi Terhadap Kinerja Karyawan. *Jurnal USM*: 33-48
- Hamdi, S (2013). Lecturers' performance and technology at private higher education in South Sulawesi Indonesia. *Procedia Journal of Social and Behavioral Sciences*, Vol: 83, p: 580 – 584
- Handoko,T.H. 2012. *Manajemen*, Edisi Kedua BPFE. Yogyakarta.
- Hasibuan,M. 2014. *Manajemen Sumber Daya Manusia*. BPFE. Yogyakarta.
- Herpen, M., Praag, M, and Kees, C. 2012. The Effects of Performance Measurement and Compensation on Motivation and Emperical Study, *Conference of The Performance Measurement Association in Boston*, pp. 1-34

- Karatepe, O.M. and Turgay, A. 2013. The Effect of Management Commitment to Service Quality on Employees, Affective and Performance Outcomes, *Journal of the Academy of Marketing Science*, vol. 31, no.3, pp. 272-286.
- Mangkunegara, A.P. 2012. *Manajemen Sumber Daya Manusia*. Cetakan Pertama. Rosda. Bandung.
- Nawawi, H. 2013. *Manajemen Sumber daya Manusia*. Gadjah Mada University Press. Yogyakarta.
- Nurdiyantoro, B. 2011. *Statistik Terapan Untuk Penelitian Ilmu Sosial*. Gadjah Mada University Press. Yogyakarta.
- Prawirosentono, S. 2010. *Manajemen Operasi*. Edisi Ketiga. Penerbit Bumi Aksara. Jakarta.
- Purwaningsi, N. 2012. Pengaruh Kompensasi Finansial Dan Kompensasi Non Finansial Terhadap Produktivitas Kerja Karyawan Pada PT Bank Danamon Sales Center Surabaya Cab. Genteng. *Jurnal Ilmu dan Riset Manajemen*. 1. (7).
- Rivai. 2011. *Manajemen Sumber Daya Manusia Untuk Perusahaan : dari Teori dan Praktik*. PT Raja Grafindo Persada. Jakarta.
- Rumada, G. and Utama. W.M. 2013. Pengaruh Kompensasi, Kepemimpinan, dan Lingkungan Kerja Fisik Terhadap Kepuasan Kerja Karyawan Hotel Taman Harum Ubud Gianyar. *Jurnal Ekonomi dan Bisnis*. Vol. 2 (1): pp: 106-120.
- Santoso, S. 2010. *Statistik Multivariat*. PT Elek Media Komputindo Kelompok Gramedia. Jakarta.
- Simamora, H. 2013. *Manajemen Sumber Daya Manusia*. STIE YKPN. Yogyakarta.
- Sugiyono. 2012. *Metode Penelitian Bisnis*. Cetakan Keempat. Alfabeta Bandung.
- Sumarsono, D. 2010. *Metode Riset Sumber Daya Manusia*. PT Gramedia Pustaka Utama. Jakarta.
- Susanti. 2013. Pengaruh Kompensasi, Lingkungan Kerja Gaya Kepemimpinan Serta Motivasi Terhadap Kinerja Karyawan Bagian Akuntansi Dan Keuangan Pada PT Bank Syariah Mandiri Dan PT. Bank Riau Kepri Cabang Tanjungpinang. *Jurnal Akuntansi*. 2.(3).
- Waldman, A.D, 2014. The Contribution of Total Quality Management to a Theory of Work Performance. *Academy of management review*, Vol.19. No.3, pp.210-536
- Yahyo. 2013. Pengaruh Motivasi, Lingkungan Kerja, dan Kompensasi Terhadap Kinerja Karyawan Melalui Semangat Kerja Karyawan CV. Putra Jaya Sahita guna, Semarang. *Diponegoro Journal of Social and Politic*. Vol 4, p: 34-42