IMPORTANCE AND PERFORMANCE ANALYSIS OF COMPENSATION IN PT. BANK CENTRAL ASIA TBK. KCU MANADO

ANALISIS KEPENTINGAN DAN KINERJA KOMPENSASI DI PT. BANK CENTRAL ASIA TBK. KCU MANADO

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Abstract: Bank is a financial institution that generally built with an authority to receive money loan, and lend money to the client. Human resource management is one of management field that is specially learn about people's connection and role in organization. The employee performance is firmly connected with the salary and incentive that they receive because it will be a positive nor negative impact to the quality of working and eventually will raise employee's performance in an organization. Employee performance optimization as proof from the company side to raise their profit. The aim of this study is to analyze the importance and performance of compensation criteria such as salary, health insurance, bonuses, employee benefit, and overtime. This research is casual type of research, which uses primary data obtained through questionnaires and uses importance and Performance Analysis. 100 respondents are the sample size of this research. The result of this study shows that salary placed in quadrant I (very important but low performance), health insurance, bonuses, and employee benefit placed in quadrant II (very important and high performance), while overtime placed in quadrant III (low importance and low performance). So, related with the findings in this research, there are some recommendations for PT. Bank Central Asia TBK. KCU Manado.

Keywords: *Banking, Compensation, Salary, Health Insurance, Bonuses, Employee Benefit, Overtime, Importance and Performance Analysis.*

Abstrak: *Bank adalah lembaga keuangan yang umumnya dibangun dengan wewenang untuk menerima pinjaman uang, dan meminjamkan uang kepada klien. Manajemen sumber daya manusia adalah salah satu bidang manajemen yang khusus belajar tentang koneksi dan peran orang dalam organisasi. Kinerja karyawan terkait erat dengan gaji dan insentif yang mereka terima karena akan berdampak positif atau negatif terhadap kualitas kerja dan pada akhirnya akan meningkatkan kinerja karyawan dalam suatu organisasi. Optimalisasi kinerja karyawan sebagai bukti dari pihak perusahaan untuk meningkatkan laba mereka. Tujuan dari penelitian ini adalah untuk menganalisis pentingnya dan kinerja kriteria kompensasi seperti gaji, asuransi kesehatan, bonus, tunjangan karyawan, dan lembur. Penelitian ini merupakan jenis penelitian kasual, yang menggunakan data primer yang diperoleh melalui kuesioner dan menggunakan kepentingan dan Analisis Kinerja. 100 responden adalah ukuran sampel penelitian ini. Hasil dari penelitian ini menunjukkan bahwa gaji ditempatkan di kuadran I (sangat penting tetapi kinerjanya rendah), jaminan kesehatan, bonus, dan tunjangan karyawan ditempatkan di kuadran II (sangat penting dan berkinerja tinggi), sedangkan lembur ditempatkan di kuadran III (rendah kepentingan dan kinerja rendah). Jadi, terkait dengan temuan dalam penelitian ini, ada beberapa rekomendasi untuk PT. Bank Central Asia TBK. KCU Manado.*

Kata Kunci : *perbankan, kompensasi, gaji, asuransi kesehatan, bonus, keuntungan karyawan, lembur, analisis kepentingan dan kinerja.*

INTRODUCTION

Backgroud

Bank is a financial institution that is generally built with an authority to receive money loan and lend money to the client. In 2016, according to Investor Magazine, there are 15 banks that are chosen as the best bank in Indonesia. That chosen banks got the predicate as the best banks after some selection and has proved as the best banks of a certain class. PT Bank Rakyat Indonesia Tbk (BRI), PT Bank Mandiri Tbk (Mandiri), and PT Bank Central Asia (BCA) are the best bank in the class of 100 trillion rupiahs above. One thing that influence those bank to be the best bank of its category is to have a good quality of human resource management.

Human resource management is one of management field that is specially learn about people's connection and role in organization. Everyone in an organization have their own self-interest and purpose when they join that organization. there are types of financial compensation which is salary, allowance, bonus (incentive) and commission. While for non-financial compensation could be a training, rights and responsibility, award of performance also supporting environment. So in order of getting a proper compensation with the employee performance, a potential employee is also needed to fulfill everyone purpose. Because of that in a compensation there are some compensation like financial compensation which is incentive. In an achievement to fulfill the needs, the employee should have a good performance to get the set goals.

To do the order and its function well, the employee should be performing good to create the good result for the company as well. Start from a good performance, the employee could raise the sales that might be pass over the target. From pass over sales target will make the employee be able to receive incentive from the profit they got. This cycle of good performing and incentive given will build a good relationship between employee and company, for both sides importance. Employees who are the most efficient are like to be motivate to perform. This relationship mean that rewards and employee performance is expecting theory which means that employee are most to be motivated performance is more performance to receive the rewards and bonus.

Research Objectives

The purpose of this research is:

1. To explain about the importance of compensation to the employee of PT. Bank Central Asia Tbk. KCU Manado.
2. To explain about the performance of compensation in PT. Bank Central Asia Tbk. KCU Manado

THEORITICAL FRAMEWORK

Compensation

Compensation can best be described as including direct and indirect compensation individuals receive in an organization plus various aspects of the pleasant work environment that serve as entrance their self-respect and esteem e.g. provision of car parking facilities, sound policies, competent supervision, comfortable working conditions, flexi time, job sharing, cafeteria compensation etc. (Adeniji and Osibanjo, 2012).

Salary

Wage, salary or pay is considered a significant reward to motivate the workers and their behavior towards the goals of employer (Oshagbemi, 2000).

Health Insurance

Health insurance schemes are an increasingly recognized factor as a tool to finance health care provision in low-income countries. Given the high latent demand from people for health care services of a good quality and the extreme underutilization of health services in several countries, it has been argued that social health insurance may improve access to acceptable quality health care. Whereas alternative forms of health care financing and cost-recovery strategies like user fees have been criticized by many authors Gilson (1998).

Bonuses

Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible (Finkle, 2011).

Employee Benefit

Employee benefits are the elements of remuneration given in addition to various forms of cash pay (Armstrong, 2010). The benefits contribute to a competitive total remuneration package that both attracts and retains high quality employees.

Overtime

Overtime is important for the employees because from overtime they can get extra money to fulfill their needs, while for the company overtime can make the work done faster since the employees are working longer than the normal hours per day. Efficient long-term contracts must set hours of work as well as wages (Lazear, 1981); (Kahn and Lang, 1992).

Previous Research

The Impact of Indirect Compensation on Employee performance: An Overview (2014) discuss about Compensation management which is one of the most important elements of personnel management. The compensation is an important matter to be considered because it directly or indirectly impact effectiveness and competitiveness of a business as well as the well-being of employees. It is a significant instrument for employers in affecting employee attitudes such as perceptions of fairness and employee behavior including whether an employee is attracted to and remains with the employer and how employees effectively utilize their time at work. Indirect compensation helps organizations to attract and retain highly competitive employees which are seen as strategic resources in getting competitive advantage. The employees which is the people is one of the most important part of an organization. People are the most essential elements of the organizations. They demand high respect by their organizations, be provided with necessary recognition and good environment for work. Once the above steps are taken by organizations, the goal of high performance and high quality would be achieved and this will help the organization to achieve success. That why organizations should pay the necessary attention to the Indirect Compensation, as this will help to boost the morale of employees which will in turn result in higher productivity.
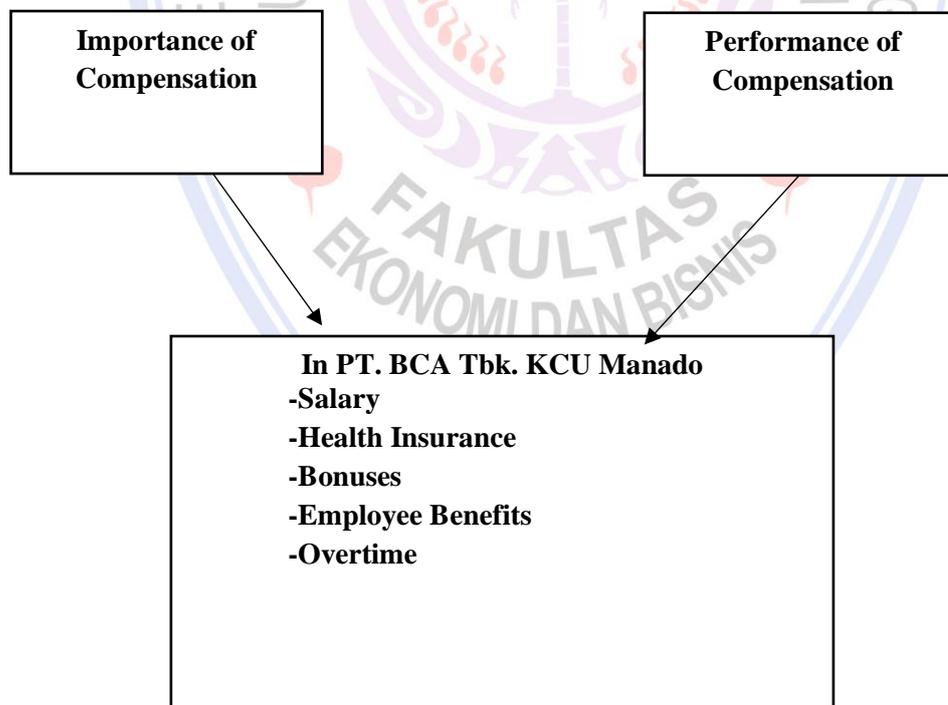
Conceptual Framework

Figure.1 Conceptual Framework

RESEARCH METHOD

Place and Time of Research

This research will be done in PT Bank Central Asia Tbk. KCU Manado for approximately one month, March 2017.

Population and Sample

The population in this research is all employees of PT Bank Central Asia Tbk. KCU Manado.

Data Collection Method

Sekaran and Bougie (2009) defined primary data as "such data gathered for research from the actual site of occurrence of events". The primary data are used and collected by distributed questionnaires to the costumers in this case is employee of PT Bank Central Asia Tbk. KCU Manado. A questionnaire is a pre-formulated written set of questions to which respondents record their answer (Sekaran, 2003).

Operational Definition of Research Variables

Variables Name	Operational Definitions	Indicators Theory
Compensation (X)	Compensation is the monetary payment used to reward employees of PT. Bank Central Asia Tbk. KCU Manado	- Salary - Healthy Insurance - Bonuses - Employee Benefits - Overtime

Source: Articles and Journals (2017)

Validity and Reliability

Validity test is the measurement tool that is used to get the data is valid. Validity is extent to which a construct measures what it is supposed to measure. An easy measure of validity would be to compare observed measurement with the true measurement. Validity test can be done with Factor Analysis technique. There is Measure of Sampling Adequacy (MSA) value. If the value over 0.5, so data is valid.

Reliability test is established by testing for both consistency and stability of the answer of questions. Consistency indicates how well the items measuring a concept hang together as a set. Reliability refers to the extent to which a scale produces consistent result if repeated measurements are made. Reliability is determined by repeatedly measuring the construct of variable of interest. The higher the degree of associations between the scores derived through this repeated measurement, the more reliable the scale.

Importance and Performance Analysis

Matrilla and James (1977) first proposed IPA as a useful tool to provide management insights to identify company strengths and weaknesses for improving company performance. IPA is a simple and useful method for simultaneously considering the strengths and weaknesses of a business when evaluating or defining a strategy. The IPA model is divided into four quadrants, with importance on the y-axis and performance on the x-axis. The four quadrant IPA matrix is shown in Fig 3.6.1 **Quadrant I** is labeled "Concentrate here," with high importance/high performance, which indicates that the firm has been performing well to gain competitive advantage. **Quadrant II** is labeled "Keep up the good work," with high importance/low performance, indicating that the firm has been performing poorly and requires improvement to be a top priority. **Quadrant III** is labeled "Low priority," with low importance/low performance. Any attributes falling into this quadrant are non-important and pose no threat to organizations. **Quadrant IV** is labeled "Possible overkill," with low importance/high performance, indicating that employees are satisfied with the performance, but the specific attribute is relatively non-important. In this situation, the leader should allocate more resources to manage attributes that reside in Quadrant I.
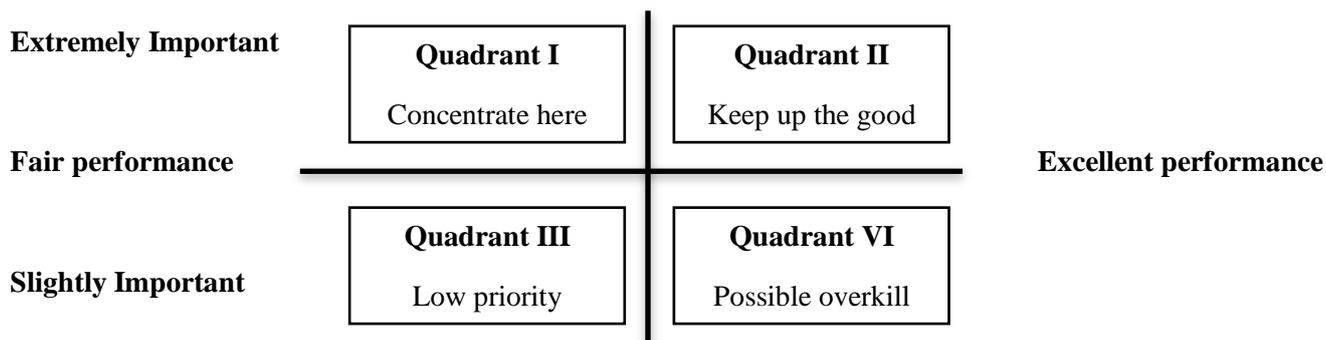
Extremely Important	Quadrant I Concentrate here	Quadrant II Keep up the good	
Fair performance			Excellent performance
Slightly Important	Quadrant III Low priority	Quadrant VI Possible overkill	

Figure 2. Importance Performance Grid

Source: Adapted from Martila and James (1977) : Importance-Performance Analysis. Journal of Marketing.

An attractive feature of importance-performance analysis is that the results may be graphically displayed on an easily-interpreted, two-dimensional grid. In this case, the Importance-Performance analysis of compensation (A) Concentrate here, employees feel the compensations are very important but indicate low satisfaction with its performance. (B) Keep up with the good work, employees reckon the compensations are important and satisfied to the compensation given by the company. (C) Low priority, the company is rated low in terms of providing compensations but the employees presume that the compensations are not very important. (D) Possible overkill, the performance of the compensations are good but employees attach only slight to them.

RESULT AND DISCUSSION

Result of Validity Test
Validity test is aimed to test whether the question items or indicators are able to measure what is supposed to be measured. By comparing correlation index in Pearson Product Moment Correlation Coefficient to test the validity of variables, with significance level of 5% it can be seen valid or not a research instrument. If probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid.

Table 1.Validity Test

Correlations

		Avr_Imp	Avr_Perf	Avr_Imp_Perf
Avr_Imp	Pearson Correlation	1	,621[**]	,865[**]
	Sig. (2-tailed)		,000	,000
	N	100	100	100
Avr_Perf	Pearson Correlation	,621[**]	1	,930[**]
	Sig. (2-tailed)	,000		,000

	N	100	100	100
Avr_Imp_Perf	Pearson Correlation	,865**	,930**	1
	Sig. (2-tailed)	,000	,000	
	N	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output 2018

Table 1 shows that the correlation index is higher than 0.3 and below the significance level of 5%. Therefore the data is considered valid.

Result of Reliability Test
Reliability test is to measure if one item of question tested several times would give consistent value. Reliability analysis was using the Alpha Cronbach Analysis.
The interpretation of Alpha Cronbach (Sekaran, 2009) is :
< 0.6 indicates unsatisfactory internal consistency or consider that the data is unreliable
0.7 indicates that the data are acceptable
> 0.8 indicates a good internal consistency or consider that the data resulted is reliable.

Table 2. Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
,889	3

Source: SPSS Output, 2018

Table 2 shows that Alpha Cronbach is 0.889 which is above the acceptance limit of 0.6; therefore the research instrument is reliable.

Importance and Performance Analysis of Compensation Program
The results of analysis in this chapter attempts to answer the problem contained in this research. There are four attributes on measuring the level of importance and performance analysis of compensation program in PT. Grapari Telkomsel Manado, namely: basic salary, living allowance, overtime pay, and phone credit. The result demonstrates the attributes of compensation program in four quadrants as seen on the table below.

Table 3 Attributes, Importance Mean, Performance Mean, Quadrant

Criteria	Importance Mean	Performance Mean	Quadrant
Salary	4.63	4.28	I
Health Insurance	4.71	4.38	II

Bonuses	4.66	4.41	II
Employee Benefit	4.60	4.42	II
Overtime	4.20	4.07	III
AVERAGE	4.56	4.31	

Source: Data Process, 2018

By using the compensation program framework, it shows that the importance of overtime pay has the highest mean which is $\bar{x} = 4.14$, followed by the importance of overtime pay and phone credit where their score are the same which is $\bar{x} = 4.08$, and the last attribute which is basic salary has the importance mean of $\bar{x} = 3.94$.

Meanwhile the performance of overtime pay has the highest mean which is $\bar{x} = 4.18$, followed by the performance of the basic salary which is $\bar{x} = 4.1$, and then the living allowance which is $\bar{x} = 4.08$, and the last is the performance of the phone credit which is $\bar{x} = 4.06$.

After getting the point of the quadrant division axis in $\bar{x} = 4.105$ (performance) and $\bar{y} = 4.06$ (importance), the next step is to plot the point ($\bar{x}$ and $\bar{y}$) of each attributes into Cartesians graph as shown in the
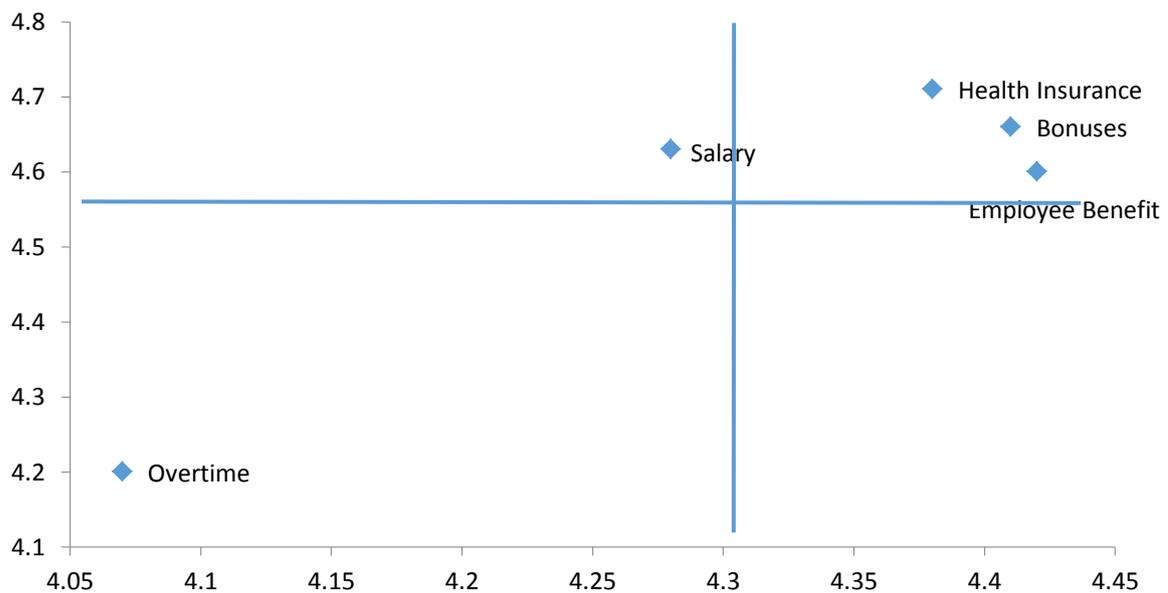

Figure 3. Data plotting of Compensation Program Attributes
Source: Data Processed, 2018

Based on Figure 1, the criteria that located in Quadrant I is salary which means that salary is perceived to be very important to the employees but the performance level is assessed low.

The criterias of health insurance, bonuses, and employee benefit are located in Quadrant II. Being located in Quadrant II means the criteria has high importance to the employee and perceived as high performance. In short, the criteria that are located in this quadrant indicates that the employees are already satisfied by the compensation criteria.

The last criteria which is overtime is located in Quadrant III. The overtime criteria is assessed as low in performance as well as performance. This criteria is not a priority to the company and employees.

Discussion

This research figured out employee preference and perspective of which compensation program is important to them and which compensation program that needs an improvement using IPA tool. With contributions of the employees of PT. Bank Central Asia Tbk. KCU Manado, the researcher answered the problem questions. There were 100 questionnaires returned, and primary data acquired were all from the questionnaires include the characteristics of employees that have participated in this research such as gender, age, education background, and employees working period.

In order to answer and solve research problem, there are 5 criterias or elements in compensation program that this research uses which are: salary, health insurance, bonuses, employee benefits and overtime.

The researcher has considered all those criterias which come from theories, books, journal and other supporting sources in constructing this research. These attributes become the foundation of questionnaires used to collect the data. The collected data are scored with the Likert scale and are then tabulated and analyzed with Importance and Performance Analysis. The result of this research shows the importance of the attributes to the employees and how well the performance of the company is according to the employees as seen on the quadrant.

The attribute that located in Quadrant I is salary which is the first criteria considered a significant reward to motivate the workers and their behavior towards the goals of employer. Salary is an amount which employees get every, month act as a motivation factor to satisfy their needs. Finding of the study shows that salary is one of the efficient criteria, which means that job performance of employees can be increased to a sufficient level by bringing a small increase in salary. There is positive influence of pay satisfaction on job satisfaction and it can obviously observe in every field of life. The pleasure from pay satisfaction is also an important thing that is linked to some administrative outcomes and success. All other social factors are important for enhancing and to make job satisfactory for employees are significant but satisfaction from pay is must. It is the evidence why salary is important as the one of the compensation's criteria regarding to the employee. But unfortunately, the performance of this criteria are assessed low, it means that the employees still do not thinks that PT. Bank Central Asia Tbk. KCU Manado perform really well or in other words, they are not satisfied enough with the performance. The company needs to concentrate more to this indicator performance, make some evaluation regarding to its realization and give more effort to make some adjustment so it can meet the employees level of importance.

Health insurance, bonuses, and employee benefit are criteria located in Quadrant II. It means that, the importance is high and the performance is high. The assessed performance of Health insurance, Bonuses and Employee benefit of PT. Bank Central Asia, Tbk. KCU shows that the performance of these criteria is high and it means that the employees finds that Health insurance, Bonuses, and Employee benefit has performed well and the employees are satisfied enough. According to the result, the employees are satisfied with the performance of these criteria which is has high performance level. Seen from these fact, the result indicates that existing compensation program of Health insurance, Bonuses, and Employee benefit have done well and should continue being maintained. The human resource management do not need to do much, just keep up the good work.

The last criteria which is basic overtime is located in Quadrant III which means that The employees find that these criteria to be low importance for them. While the performance of the company also assessed low. Overtime hours are to be calculated both on a daily and weekly basis. The higher of the two numbers is overtime hours worked in the week. All employees, including those who are paid a weekly, monthly, or annual salary, must be paid overtime pay for overtime hours they work. The result of this research shows that overtime has the lowest level both importance and performance. Luckier for PT. Bank Central Asia Tbk. KCU Manado because they're prioritize something else more than compensation of overtime.

CONCLUSION AND RECOMMENDATION

Conclusion

After examining the findings and discussing the result, the Importance Performance Analysis is used to compare the five criterias of compensation which are salary, health insurance, bonuses, employee benefit, overtime according to the employees' perspective toward their importance and performance.
The conclusions drawn from this research are as follows:

1. Four out of five compensation's criteria which are salary, health insurance, bonuses, and employee benefit shows have high importance to employee.
2. There are three criteria of compensation which are health insurance, bonuses and employee benefit that have high performance. Only one has very low performance which is overtime, while the other one is salary also low performance but closed to the limit of low high level of performance.

Recommendation
       By looking in the discussion and the result of the research, some recommendation has been made as listed below:
1. Salary has high importance but does not meet the employees' expectation or they're not satisfied enough. Therefore, PT. Bank Central Asia Tbk. KCU Manado should pay more attention to this criteria considering salary is an amount which employees get every month, act as a motivation factor to satisfy their needs. PT. Bank Central Asia Tbk. KCU should advisable to bringing a small increase in salary so in return it will increase job performance of employees.
2. Health Insurance, Bonuses, and Employee Benefit are the criteria that have high importance and also high performance or in the other words, it already meet the employees' expectation. Therefore, PT. Bank Central Asia Tbk. KCU Manado should keep maintain the good work of these criteria because these could be considered as PT. Bank Central Asia Tbk. KCU Manado's key of success. Later, PT. Bank Central Asia Tbk. KCU Manado also may increase the performance adjusting with time development.
3. Overtime is the criteria that has low importance and also low performance. The importance itself might be low for some employees while others may think that criteria is important but the performance is still not good enough by the company. So, it will be better for PT. Bank Central Asia Tbk. KCU Manado, to give better compensation of overtime expectation like give higher amount of money in overtime working hour. Still this criteria is lower priority, so if the first priority has accomplished then it can be fulfill later.

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