THE IMPORTANCE AND PERFORMANCE ANALYSIS OF COMPENSATION IN PT. BANK NEGARA INDONESIA (PERSERO) TBK MAIN BRANCH OFFICE MANADO

ANALISIS KEPENTINGAN DAN KINERJA KOMPENSASI DI PT. BANK NEGARA INDONESIA (PERSERO) TBK KANTOR CABANG UTAMA MANADO

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Abstract: The employees are given compensation as a reward and the their right after fulfilling their duties appointed by the company. It is important for the company to continually evaluating the compensation and the importance and performance analysis can be the tool to measure how well the compensation reach the employees. The research aims to analyze the Importance and Performance of Compensation received by the employees of PT. Bank Negara Indonesia (Persero) Tbk, main branch office Manado. This research uses Descriptive Kuantitative method with 100 employees of Bank BNI, resulted in 11 attributes which are the compensation of Bank BNI: Salary, Overtime wage, THR, Bonus and Leave are plotted in quadrant II that indicates a good performance and a high level of importance. Meal Allowance, Severance, and Retirement Fund are plotted in Quadrant I. The respondents attached a high level of importance to these compensation program, yet have a deficient performance. On the other hand, Health Insurance, Uniform and Transportation Allowance are in Quadrant III. They are considered to be not important and have a deficient performance. The management of Bank BNI has to pay a special attention to Meal Allowance, Severance and Retirement Fund and expected to allocate more resources in order to improve those compensation programs.

Keywords: *compensation, importance and performance analysis*

Abstrak:*Karyawan diberikan kompensasi sebagai penghargaan dan hak mereka setelah memenuhi peran dan tanggung jawab yang diberikan di perusahaan. Penting bagi perusahaan untuk mengevaluasi kompensasisecara berkelanjutan dan analisis kepentingan dan kinerja dapat menjadi alat bantu untuk mengukur bagaimana program kompensasi tersebut diberikan pada karyawan.Penelitian bertujuan untuk menganalisa Kepentingan dan Kinerja Kompensasi yang didapat karyawan PT. Bank Negara Indonesia (Persero) Tbk, Cabang Utama Manado. Menggunakan Metode Deskriptif Kuantitatif, penelitian ini melibatkan 100 karyawan Bank BNI yang kemudian diperoleh hasil, 11 atribut yang merupakan program kompensasi Bank BNI: Gaji, Uang Lembur, Bonus dan Cuti menempati kuadran II yang mengindikasikan tingkat kepentingan yang tinggi dan kinerja yang memuaskan. Selain itu Uang Makan, Pesangon, dan Pensiun menempati kuadran I yang menunjukan tingkat kepentingan yang tinggi namun kinerja program kompensasi tersebut tidak memuaskan bagi karyawan. Kuadran III yang menunjukan tingkat kepentingan dan kinerja yang rendah terdapat Asuransi Kesehatan, Seragam, dan Uang Transportasi. Manajemen Bank BNI harus memperhatikan hal-hal seperti: Uang Makan, Pesangon dan Pensiun sehingga diharapkan dapat mengalokasikan sumber daya yang lebih untuk perbaikan dan pengembangan program kompensasi tersebut.*

Kata kunci : *kompensasi, analisis kepentingan dan kinerja*

INTRODUCTION

Employees are crucial to a company. That is an absolute statement as employees play a big role to a company's success. Employees and companies have a mutual relationship to reach the objectives and goals. Companies have to be able to manage the employees in term of directing them to fulfill the requirements and obligations. At the same time, the company ought to appreciate the employees so that the employees and company can be equally benefitted.

The relationship of employees and company linked by Human Resource Management that is responsible to ensure the relationship going on properly. "Employee loyalty begins with employer loyalty" stated Harvey Mackay, this is where compensation plays its role. The outcome of employees as performance are measured and determined by the reward companies give to the employees.

In consideration of today's competitive marketplace, companies have to retain the employees to remain productive in order to achieve company's objectives and keep the business profitable. A good package of compensation in today's economic condition can help employees to arrange their financial plan in a certain period of time. Compensation given to employees can be varied, can be determined by the industry where a company run its business or what kind of product and service the company offer or produce.

BNI was the first State-owned Bank (State Owned Enterprise) to go public by listing its shares at the Jakarta Stock Exchange and Surabaya Stock Exchange in 1996. BNI is now listed as the 4th largest national bank in Indonesia, in terms of total assets, total loans and total third party funds. By the end of 2014, BNI had total assets of Rp. 416.6 trillion and a total of 26,536 employees. BNI always consider that employees are it's most valuable asset and set an environment in which the employees can work productively and develop their capacity. Based on the previous explanation, the researcher is interested to analyze the Importance and Performance of compensation in PT. Bank Negara Indonesia (PERSERO), Tbk and because of that this research titled "The Importance and Performance of Compensation in PT. Bank Negara Indonesia (PERSERO) Tbk"

Research Objectives
The purposes of this research are to figure out how is the importance of compensation in PT. Bank Negara Indonesia and how is the performance of compensation in PT. Bank Negara Indonesia.

THEORITICAL FRAMEWORK
Human Resource Management
Human resource management (HRM) is concerned with all aspects of how people are employed and managed in organizations(Armstrong and Taylor 2014:3) outlines that.Human Resource Management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness. (Dessler, 2011:4). Human Resource Management covered all activities that regulate and handle the employees matters.

Compensation
Ivancevich (2012) defined Compensation as the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks, with a desired outcome of an employee who is attracted to the work, satisfied, and motivated to do a goodjob for the employer. Noe, et al (1996) stated that The compensation package is normally differentiated into Direct and Indirect Compensation. These comprise financial and non-financial rewards.Compensation recieved by the employees after they already fulfilled their duties and responsibilities appointed by the company.

Direct Compensation
Fogleman and McCorkle (2013) stated that direct compensation is an employee's base wage, which can be an annual salary or hourly wage, plus any performance-based pay an employee receives, such as profit-sharing bonuses. Direct compesation includes **Base pay**, **Incentive pay**, **Stock options**, **Bonuses**.

Indirect Compensation

Dessler (2011) refers to Indirect Compensation as the indirect financial and non-financial payments employees receive for continuing their employment with the company which are an important part of every employee's compensation. Some of the most popular indirect compensations offered by today's organizations includes **Social Security,Retirement Plans**, **Paid Holidays**, **Paid Vacations,Other Benefits** such asfood services, exercise facilities, health and first-aid services, financial and legal advice, and purchase discounts.

Compensation in PT. Bank Negara Indonesia (PERSERO) Tbk

Compensation for employees in PT. Bank Negara Indonesia (PERSERO) Tbk is considered as the exchange of work forces done by the employees. The compensation programs are managed to increase motivation and involvement of the employees and take the role of rewarding employees for their engagement in the organization activities, the compensation and benefit systems and levels can motivate each employee to work towards achieving company goals.BNI employees will be given compensation in accordance with the prevailing law and regulations and the compensation program of PT. Bank Negara Indonesia (PERSERO) Tbk are as mentioned below :

1. **Salary** Quoted the words of Idrees and Xinping (2015) "Salary can be defined as a fixed amount of money paid to a worker usually measured at monthly and annual basis, not hourly, as opposed to wages, salary is a fixed amount of money or compensation paid to an employee by an employer in return of work done" Salary is the more efficient variable, which means that job performance of employees can be increased to a sufficient level by bringing a small increase in salary.

2. **Overtime Wage** Olsen (2002) "wages and fringe benefits affect worker turnover. Higher wages or more fringe benefits significantly reduce the worker turnover rate of establishments. Ministerial decreeof Indonesia in 2004 for employees overtime wage regulation. Clause 3 verse 1 says overtime work only permitted for 3 hours a day and 14 hours a week. Clause 4 verse 1 says employer who let the employee work overtime is obligated to pay for overtime wage.

3. **Meal Allowance** Bank Negara Indonesia (PERSERO) Tbk provide employees a cafetaria within the company, where the employees rest in break time. Company also alocate a certain amount of money in exchange to emoloyees spending on meals.

4. **Religious Holiday Allowance (THR)** THR is an allowance in form of money given by the employer or company to celebrate special religion holiday.

5. **Bonus** Zoban cited by Osibanjo (2014) Bonuses typically awards given for accomplishments, behaviours, and/or other related events. To improve the performance and welfare of employees, BNI implement a remuneration strategy that increased the variable pay with competitive fixed pay.

6. **Leave** Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as yearly allowance (THR), medical reimbursements, death allowance, leave allowance. The Indonesian labor policy require employer to give leave allonment for employees at least 12 days if the employee does not have any absent in the year. The employees are able to plan their leave, in accordance to their personal events and be paid for it but the decision is done by the outhority in company.

7. **Health Insurance** Kamau (2011) cited by Turambi (2015) With the maintenance of health, the employee will get maximum performance opportunities. The number of working hours or employee present hours is able to obtain a maximum work performance. explain that Medical privileges are intended to assist an officer and his family in maintaining good health since a healthy employee is an asset to the organization. To make it more flexible and efficient for employees, PT. Bank Negara Indonesia (PERSERO) Tbk cooperate with some hospitals to take care of employees health issues.

8. **Uniform** Uniform given to employees each year, only for frontliners. The employees who handle customers as their work activities.

9. **Transportation Allowance** PT. Bank Negara Indonesia (PERSERO) Tbk compensate employees with transportation allowance for workdays to suport their work activities in form of money given once a month. Transportation allowance is varied determined by some aspects include position.

10. **Pension/ Retirement Fund** This plan is managed by Dana Pensiun PT Bank Negara Indonesia (Persero) Tbk ("Dana Pensiun").The employees' contributions are 7.5% of the employee's pension salary-based and the remaining amounts required to fund the program/pension plan are contributed by BNI.

11. **Severance Allowance (PHK)** Should termination of employment take place, the entrepreneur is obliged to pay the dismissed worker severance pay and or a sum of money as a reward for service rendered during his or her term of employment and compensation pay for rights or entitlements.

Previous Research

Rizal, et al (2014)Effect of Compensation on Motivation, Organizational Commitment and Employee Performance (Studies at Local Revenue Management in Kendari City)"   The research drawn the conclusion that compensation affect on motivation, there is an unidirectional relationship between compensation and motivation. Compensation with indicators of salary, incentives and benefits will increase motivation at Local Revenue Management in Kendari.

Gilaninia, et al (2014)Relationship between Compensation System and Labor Productivity (Case Study Melli Bank Guilan province) This research examined direct financial service compensation, indirect financial service compensation and nonfinancial service compensation as variables to find out whether there is a relationship between compensation system and labor productivity (Case Study Melli Bank Guilan province). The result of this research is that there is relationship between direct compensation, indirect compensation, and nonfinancial service with labor productivity. Labor productivity increase as the compensation system improve.

Obasan and Kehinde (2012) Effect of Compensation strategy on Corporate Performance Evidence from Nigerian Firms"The research using quantitative descriptive technique, the research resulted in verification that compensation strategy affects corporate performance. The researcher mentioned in this research, compensation strategy is crucial to boost employees productivity to reach organizational objectives and goals.
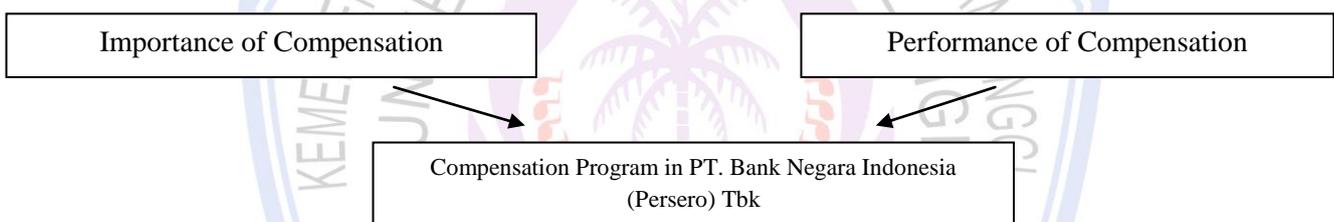
Conceptual Framework

Figure 1.Conceptual Framework
Source: Data Proccessed (2016)

RESEARCH METHOD

This research is a quantitative descriptive research.Quantitative research relies on deductive reasoning or deduction (Sekaran&Bougie, 2010) Cooper and Schindler (2003), descriptive study mostly seeks answers to *who, what, when, where* and *sometimes how* questions and explanatory study seeks answers to *how* and most importantly '*why'* questions.

Place and Time of Research

This research took place in PT. Bank Negara Indonesia (PERSERO) Tbk, kantor cabang utama Manado located at Jl. Dotulolong Lasut, Pinaesaan, Wenang,. The research started from January 2016.

Population and Sample

Bhattacherjee (2012) Population is the group you want to generalize to. Sugiyono (2010 :14), sample is the part of the sum and characteristic on the population.

The sample of this research is the employees of PT. Bank Negara Indonesia (PERSERO) Tbk, using convenience sampling with 100 employees. " Convenience sampling is collectiong information from members of the population who are conviniently available to provideit" (Sekaran, 2010) the convenience sampling is considered as the best way of getting some basic information quickly and efficient.

Data Collection Method

Hox and Boeije (2005) explained that primary data is Original data collected for a specific research goal. Primary data gathered by the researcher is the quesionaire given to some employees as sample.Hox and Boeije (2005) defined secondary data is data originally collected for a different purpose and for another research question.The secondary data collected in varied of sources and the sources are books, journals, e-books, articles, thesis, and websites.

Operational Definition

1. **Salary** Salary refers to the right of an employee to receive in monetary form, reward from the company or employer to the employee hired and paid in accordance with an employment contract, agreement, or laws and regulations (BNI Annual Report 2014).
2. **Overtime Wage** Given to employees in form of a certain amount of money, when an employee performs or does the work exceed the usual work time.
3. **Meal Allowance** Bank Negara Indonesia (PERSERO) Tbk provide employees a cafeteria within the company, where the employees rest in break time. Company also allocate a certain amount of money in exchange to employees spending on meals.
4. **Religious Holiday Allowance (THR)** THR is an allowance in the form of money given by the employer or company to celebrate special religion holiday. In PT. Bank Negara Indonesia THR given once a year in celebrating Islamic Holiday Idulfitri.
5. **Bonus** PT. Bank Negara Indonesia (PERSERO) Tbk gives its employees yearly bonus regulated by the company in regards to some terms include employees performance.
6. **Leave** is when employees permitted to be absent instead of fulfilling their duty in regard to some conditions. Each year leave given to employees to award them for their performance and to prevent job-tress by keeping them work everyday on weekdays for a year.
7. **Health Insurance** is the healthcoverage for employees as a part of compensation program given by the company. To make it more flexible and efficient for employees, PT. Bank Negara Indonesia (PERSERO) Tbk cooperate with some hospitals to take care of employees health issues. PT. Bank Negara Indonesia apply the reimbursement system for their health insurance means that the company pays in advance for employees health treatment even before employees claim the insurance.
8. **Uniform** Uniform given to employees each year, only for front liners. The employees who handle customers as their work activities. These uniforms considered as compulsory for employees as part of the standard applied by the company.
9. **Transportation Allowance** PT. Bank Negara Indonesia (PERSERO) Tbk compensate employees with transportation allowance for workdays to support their work activities in form of money given once a month. Transportation allowance is varied determined by some aspects include position.
10. **Pension** This plan is managed by Dana Pensiun PT Bank Negara Indonesia (Persero) Tbk ("Dana Pensiun").The employees' contributions are 7.5% of the employee's pension salary-based and the remaining amounts required to fund the program/pension plan are contributed by BNI.
11. **Severance** The post-employment benefits and other long-term employee benefits are actuarially determined using the Projected Unit Credit Method. The post employment benefits are in accordance with prevailing Labor Law.

Data Analysis Method

Validity and Reliability

There are 100 questionnaires with 22 questions answered by the employees of PT. Salim Ivomas Pratama and been tested with using validity and reliability test with the SPSS application. Validity refers to the extent to which an instrument measures what it is supposed to measure (Wiersma and Jurs 2005). Reliability of an instrument is concerned with the consistency of its measures (Wiersma and Jurs 2005).

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 (Linda & To, 2010). 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 "Keep Up the Good Work," with high importance/high performance, which indicates that the firm has been performing well to gain competitive advantage. **Quadrant Ⅱ** is labeled "Concentrate Here," 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 (Matrilla & James, 1977; Shieh & Wu, 2009; Wong et al., 2011).
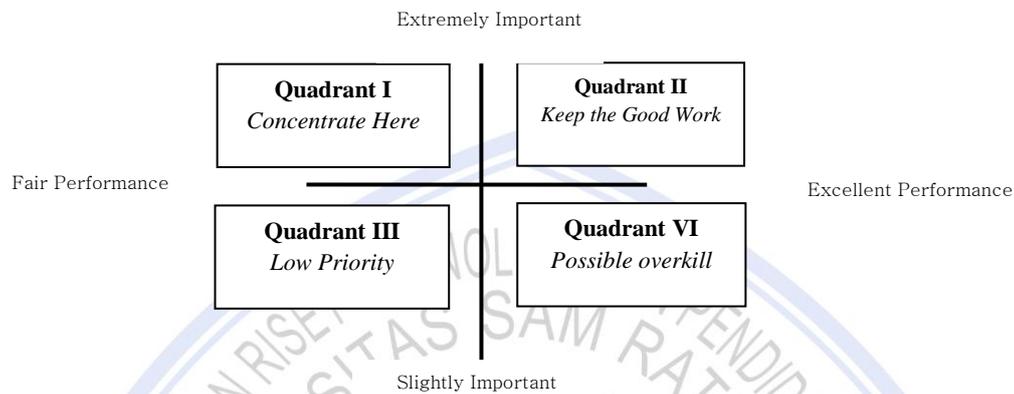

Figure 2. Importance and Performance Grid
Source: Martila and James (1997)

RESULT AND DISCUSSION

Validity and Realibility Result

Validity
Table 1.Validity Result of Performance and Importance

Attributes	Performance		Importance	
	MSA Correlation	Status	MSA Correlation	Status
Salary	.782	Valid	.857	Valid
Overtime Wage	.740	Valid	.858	Valid
Meal Allowance	.752	Valid	.895	Valid
Religious Holiday Allowoance (THR)	.788	Valid	.902	Valid
Bonus	.732	Valid	.889	Valid
Leave	.822	Valid	.883	Valid
Health Insurance	.710	Valid	.898	Valid
Severance	.739	Valid	.892	Valid
Uniform	.755	Valid	.893	Valid
Pension	.784	Valid	.895	Valid
Transportation Allowance	.664	Valid	.924	Valid

Source: SPSS Output (2016)

Realibility

      The realibility analysis is done by SPSS and both the Cronbach's Alpha result of Performance and Importance both exceed the required values of 0.60. Perpormance has .873 and Importance has .930, these result indicate that the data is relliable.

Importance and Performance analysis Result
Table 2. Importance and Performance Mean

Attributes of Compensation	Importance's Mean (Y)	Performance's Mean (X)	Quadrant
Salary	4.70	4.11	II
Overtime Wage	4.56	3.95	II
Meal Allowance	4.55	3.67	I
Religious Holiday Allowoance (THR)	4.61	4.01	II
Bonus	4.62	3.95	II
Leave	4.48	3.84	II
Health Insurance	4.43	3.65	III
Severance	4.58	3.67	I
Uniform	4.33	3.60	III
Pension	4.58	3.53	I
Transportation Allowance	4.45	3.00	III
Average	4.53	3.72	

Source: Data Proccessed (2016)

      The table above lists the attributes and mean values of each arttibute for Importance and Performance. Apparently the mean values of the attributes in Importance are higher than mean values in Performance this means the respondents percieved the compensation program in PT. Bank Negara Indonesia is highly important while the performance is less than what expected. Based on the table above the top 3 attributes in which respondents attach a high importance level are Salary at the first place, Bonus and Religious Holiday Allowance at second and third place. Meanwhile, Severance and Pension have an equal mean values after Religious Holiday Allowance. The other attributes Overtime Wage, Meal Allowance, Leave, Transportation Allowance, and Health Insurance still have relatively high mean values that also imply a high importance level. Uniform has the least importance mean value and least important attributes compare to all attributes. The range difference of each arttibute's value are approximately 0.1-0.3 however Salary and Bonus have 0.8 difference in values which means Salary considered to be very important compared to the other attributes and Uniform has 0.10 range difference with Health Insurance, considered to be slightly important to respondents.
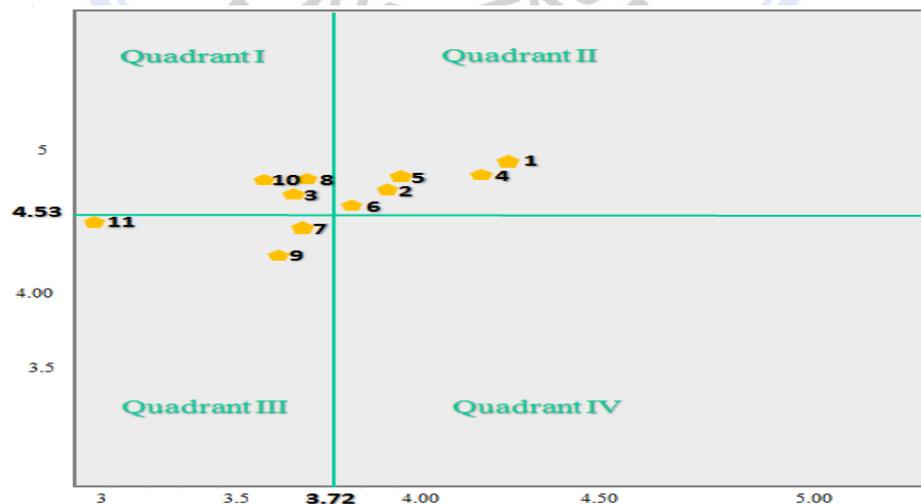

Figure 3. Data Plotting of Compensation Programs Attributes
Source: Data Proccessed (2016)

Where :
1. Salary
2. Overtime Wage
3. Meal Allowance
4. Religious Holiday Allowance
5. Bonus
6. Leave
7. Health Insurance
8. Severance
9. Uniform
10. Pension
11. Transportation Allowance

Discussion

Quadrant I implied a high importance level and low performance level. Meal Allowance, Severance and Pension are placed in this quadrant. Severance and Pension are both a post-employment benefit programs offered by company, these post employment benefits given to employees when done a work termination due to some conditions. For example pension given to employees when the employees reached retirement age. This is appealing to employees because through post employment benefits program, employees are compensated even after they leave the company. Meal allowance also considered important because meal is one of the human basic needs thus employees perceivedthat meal allowance is important. The importance of meal allowance, severance and pension are not equal to it's performance effort by company. The company need to allocate more resources for the development of those compensation program.

Quadrant II implied a conformity of importance and performance where both have a high values thus this quadrant labeled " Keep Up the Good Work". Quadrant II has the most attributes, they are Salary, Overtime wage, Religious Holiday allowance, Bonus and Leave. PT. Bank Negara Indonesia succeeded to match employees expectation with a good performance.

Health insurance, uniform and transportation allowance according to data, are perceived to be not important to employees. Due to a complex procedure, busy employees seem to have no time to cooperate with the company in order to get their health insurance. Uniform has the least mean values compared to the other attributes means uniform considered to be the lest important than other compensation programs. Though transportation allowance has the highest mean values compare to health insurance and uniform, transportation allowance is placed in quadrant III considered to be not important to employees. With low level of importance, it is reasonable for PT. Bank Negara Indonesia (PERSERO) Tbk to deliver a deficient performance.

CONCLUSION AND RECCOOMENDATION

Conclusions

The conclusions bellow drawn using IPA tools to link the importance and performance value.
1. Meal Allowance, Severance and Pension are important compensations to employees of PT. Bank Negara Indonesia (PERSERO) Tbk, however the company deliver a deficient performance.
2. Salary, Overtime Wage, Religious Holiday allowance, Bonus and Leave are importance to employees and at the same time company deliver a good performance.
3. Health Insurance, Uniform and Transportation Allowance assessed to low priority when the importance and performance values are in low level.

Recommendations

The researcher provided recommendations addressed to the company to improve the compensations programs from the overall result. The recommendations are listed as follows.
1. The company has to pay attention to these three compensation programs and if necessary allocate more resources to improve the performance of Meal Allowance, Severance and Pension.

2. The company only has to keep it's usual performance for Salary, Overtime wage, Religious Holiday Allowance, Bonus and Leave. Company can impore those compensation program to motivate employees and boost their productivity in order to achieve organizational goals.

3. There are Health insurance, uniform and transportation allowance in quadrant III. To afford more resources for those compensations is a waste.

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