

THE IMPORTANCE AND PERFORMANCE ANALYSIS OF COMPENSATION PROGRAM BASTIANOS RESORT IN LEMBEH

*ANALISIS TINGKAT KEPENTINGAN DAN KINERJA BERBAGAI KOMPENSASI BASTIANOS RESORT DI
PULAU LEMBEH*

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Abstract: In this era of globalization, it is important to build a sustainable business as business is developing rapidly in Indonesia. Competition has increased tremendously in businesses. Therefore, human resource plays an essential role in determining the future of the business. In any business, it needs to build a good team of working professionals which is the responsibility of the human resource. This research is conducted in order to analyze how important is the compensation program and how is the performance of compensation program for employees using Importance Performance Analysis at Bastianos Resort in Lembeh. The sample of this research is the employees of Bastianos Resort in Lembeh as many as 43 employees. The result of this result reveals that insurance and salary are very important to the employees and the level of performance is also high. Since, the other indicators perceive to have low importance, this research suggest that Bastianos Resort in Lembeh should allocate the resources from unimportant indicators to salary and insurance to increase the employees' motivation to work.

Keywords: *compensation, importance and performance analysis*

Abstrak: Era globalisasi saat ini, dimana bisnis berkembang dengan pesat, membangun usaha yang berkesinambungan merupakan hal terpenting. Persaingan antar usaha pun semakin kompetitif. Sumber daya manusia, berperan penting dalam menentukan masa depan suatu usaha. Di setiap usaha, bagian sumber daya manusia bertugas untuk membangun kerja sama yang baik antar karyawan. Penelitian ini bertujuan menganalisa seberapa penting program kompensasi dan bagaimana kinerja program kompensasi bagi para karyawan Bastianos Resort di Lembeh, dengan menggunakan Importance Performance Analysis. Sampel penelitian adalah para karyawan Bastianos Resort di Lembeh, sebanyak 43 orang. Hasil penelitian menunjukkan asuransi dan gaji merupakan hal yang sangat penting bagi para karyawan; dan Bastianos Resort di Lembeh memiliki tingkat kinerja program kompensasi yang tinggi. Dikarenakan indikator lainnya memiliki nilai kepentingan yang rendah, peneliti menyarankan agar manajemen Bastianos Resort mengalihkan dana dari promosi, bonus dan akomodasi kepada dana untuk gaji dan asuransi karyawan agar dapat meningkatkan motivasi para karyawan dalam bekerja

Kata kunci: *program kompensasi, analisis tingkat kepentingan dan kinerja*

INTRODUCTION

Research Background

The success of many large companies is due to the roles of their employees who have good quality from thriving and competing in programs which have motivated the employees. Provision of employee compensation programs is very important and beneficial for the company and employees. Promoting employees welfare through compensation programs creates harmony between the company and employees, increases employee morale, work discipline, attitude, and loyalty to the company. Employee benefit programs is important to achieve the goal of the company, although the employee compensation program should be prepared based on existing regulations, based on the principle of fairness and feasibility, and based on the ability of the company.

As North Sulawesi continues to expand and develop, the province focuses on attracting tourist. North Sulawesi is known for having beautiful corals and sea life which lures tourist from all around the world to dive and snorkel in our waters. Bunaken and Lembeh are the main sites to go to in North Sulawesi to experience water adventures. For this reason, Bastianos Resort saw the opportunity to offer these to travelers coming in to North Sulawesi. The condition led to competitions between rigorous resorts to attract as many customers to visit and enjoy what is provided. Since the resorts attract many international tourists, employees are selected thoroughly. Bastianos Resort owns two resorts on two different islands – Bunaken and Lembeh Island, who have many employees to be managed. Human resource management need to retain employees' loyalty and development, so Bastianos Resort provides a compensation program in the form of facilities and employees' right.

Bastianos Lembeh Resort in Lembeh opened in November 2006 and is located on the west coast of Lembeh Island- overlooking the strait. It has achieved many accomplishments and rewards. It has achieved 4 awards in 2015. The awards were presented for Bastianos' outstanding service and diving sites. According to the general manager, Donny Lopulalang, the number of visitors of Bastianos Resort in Lembeh has continued to increase. When the number of visitors increased, many changes and adaptation for training and benefits were made. The accomplishments mentioned above can be achieved due to performance of their employees that have developed. The development of the employees is one of the most important functions of human resource management. When employees are more developed, they will be more satisfied with the job and commit more which will increase the performance. When employee performance increases, it leads to organization effectiveness. Therefore, this study will examine how important the compensation program is until it can affect the performance of their jobs.

Research Objectives

This research aims to analyze the importance and performance of compensation programs of Bastianos Resort in Lembeh.

LITERATURE REVIEW

Human Resource Management

Torrington, Hall, and Taylor (2005: 5) define human resource management as the fundamental to all management activity and have evolved from a number of different strands of thought. It is best described as loose philosophy of people management rather than a focused methodology. Thus, distinction has been made between human resource management as body of management activities on one hand (generically described as personnel management) and then on the other as a particular approach to execute those activities (carrying out people-oriented organizational activities than traditional personnel management). In addition, Armstrong (2006:20-23) defines human resource management as a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contributes to the achievement of the objectives. HRM involves all management decision and practices that directly affects the people, or human resources, who work for the organization. In conclusion, human resource management is the management activity of an organization's most valued assets who are the people who help to achieve the objectives of an organization.

Compensation

Mondy (2010: 268-269) defines compensation as the total of all rewards provided to employees in return for their service, the overall purposes of which are to attract, retain and motivate employees. As compensation is comprised of both fixed and variables components as well as employees benefits and services, an optimum combination of these elements is ideal to effectively influence position employees' performance. Compensation is everything received by employees as remuneration for their work (Handoko, 2003:114-118). So through compensation, employees can improve work performance, motivation and job satisfaction and improve their livelihoods. The question of compensation is not only important because it is a major boost a person being an employee, but also a great influence on the spirit and enthusiasm of employees. Thus, every business entity should be able to assign the most appropriate compensation, so that it can sustain enterprise, achieve more effectively and more efficiently. In conclusion, compensation is reward or remuneration given to the employees for their work in order to increase employee's motivation and job satisfaction.

Compensation Program of Bastianos Resort in Lembeh

Compensation in Bastianos Resort in Lembeh is all the programs given by Bastianos Resort in Lembeh to its employees in return of their service of employment of Bastianos Resort and to reach employees' job satisfaction in order to gain the best performance from its employees. There are five compensation programs for employees in Bastianos Resort in Lembeh analyzed using Importance-performance analysis because the programs must be received by all respondents to measure the performance of the program. The programs are:

1. **Insurance:** the facilities, persuasive activities, and medical action, healing and recovery efforts for the health of employees and families on the responsibility of Bastianos Resort in Lembeh. Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS) is the type of insurance provided for the employees.
2. **Accommodation:** efforts made by Bastianos Resort for the convenience of disadvantaged employees. Housing and meals are provided as the accommodation.
3. **Salary:** a fixed monthly income from Bastianos Resort to the employees given according to the time that has been specified. Implementation of earnings must be paid directly to the employee at the specified time, according to the provisions in the company.
4. **Bonus / Overtime** are given by Bastianos resort to the employees at the time of exceeding targets. It demonstrates appreciation for contribution by an employee that is above and beyond their normal work efforts.
5. **Promotion** is an appointment of employees in positions related to the promotion and for filling managerial positions on the track and supervisors in Bastianos Resort.

Previous Method

Eskildsen and Kristensen (2006) Enhancing Importance-Performance Analysis. The research conducted research on job satisfaction using Importance-Performance Analysis. The objective of the research is to develop a new typology for job satisfaction attributes as well as a new importance/performance map that can be an aid for organizations when they prioritize their improvement actions based on a job satisfaction study. The interpretation of the importance/performance map is based on an assumption of independence between importance and performance but many studies question the validity of this assumption. The research was conducted in Denmark. The research results of the analysis showed that the assumption of independence between the importance is invalid in certain situations.

Chen (2013) Applying Importance-Performance Analysis for Improving Internal Marketing of Hospital Management in Taiwan. The researcher conducted a research using Importance- Performance Analysis Method, which was done in Taiwan. The objective of the research was to understand employee expectations and perceptions of hospital internal-marketing and shows the usefulness of the Importance-performance analysis grid in evaluating hospital internal-marketing benefits from employee perspectives in Taiwan. The author identified a list of 18 items from the internal-marketing literature reviews, and each item was rated using a 5-point Likert scale. Responses were obtained from 257 usable questionnaires. The importance-performance grid

shows that 4 items fall into the “Keep up the good work” quadrant, 5 items fall into the “Concentrate here” quadrant, 4 items fall into the “Low priority” quadrant, and 5 items fall into the “Possible overkill” quadrant. The findings suggest that an internal-marketing orientation is necessary to better match organizational characteristics and enhance service quality. The results are useful in identifying areas for strategic focus to help hospital managers develop internal-marketing strategies.

RESEARCH METHOD

Type of Research

This research uses descriptive quantitative research where the researcher investigated the importance of compensation program using Importance Performance Analysis at Bastianos Resort in Lembeh. Siregar (2013:15) describes descriptive method as a study conducted to determine the value of an independent variable, either one or more variables (independent) without comparisons, or connect between one and the other variables. The approach taken in the collection of the data is the survey. This research used questionnaires to collect data.

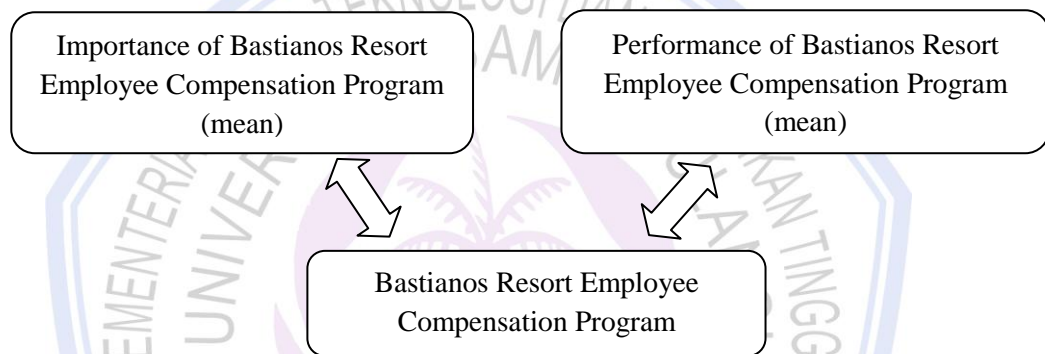


Figure 1. Conceptual Framework

Source: Data Processed, 2016

This research used the Importance- Performance Analysis method to examine the importance and performance of Employee Compensation Program at Bastianos Resort in Lembeh.

Place and Time of Research

The place of this research is Bastianos Resort on Lembeh Island in the city of Bitung. The questionnaire was given to the employees of Bastianos Resort in Lembeh which is in Bitung. The research began November 2015.

Population and Sample

Population

This research used population as the data sources to make an appropriate result of data. Population is generalized to the object/subject which has a certain quantity and characteristic that is required by researcher to studying and to gain conclusion (Sekaran and Bougie, 2005:140). The population in this research is all the employees of Bastianos Resort in Lembeh which is 43 employees.

Sample

Rajamanickman (2001:84) explains, the sampling according to this method includes all the elements of a given population with the characteristics in which the researcher is interested. This method has certain advantage over other methods. It is possible to state what the particular group as a whole views the problem. It

straightaway reveals the fact and not depending upon inferences. In other words, it is the sampling method which states that the sample is the same as the population, so the sample size is 43 employees. In this research, 43 questionnaires were given, but only 34 respondents completed the questionnaire. Thus, only 34 samples were analyzed.

Data Collection Method

Primary data is information received by the researcher to specifically address the research problem. The researcher retrieved primary data from the result of questionnaires. Questionnaires were distributed to the respondents which were responded directly to the questionnaire.

Data Analysis Method

Validity Test

In this validity testing researcher used PPMCC (Pearson Product Moment Correlation Coefficient) with the SPSS application, a measure of the linear correlation (dependence) between two variable X and Y, giving a value between +1 and -1 inclusive, where 1 is total positive correlation, and 0 is no correlation, -1 is total negative correlation. It is used to know whether the measurement tool selected can measure what is supposed to be measured.

Reliability Testing

The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran and Bougie, 2005:324). A result of a reliability test generated by using statistical software SPSS.

Importance Performance Analysis (IPA)

The Importance Performance Analysis (IPA) framework was introduced by (Martillia and James, 1977:77) in marketing research in order to assist in understanding customer satisfaction as a function of both expectations concerning the significant attributes and judgments about their performance. According to Downes and Hemmasi (2012:79), analyzed individually, importance and performance data may not be as meaningful as when both data sets are studied simultaneously. Hence, importance and performance data are plotted on a two dimensional grid with importance on the y-axis and performance on the x-axis. The data are then mapped into four quadrants (Martilla & James, 1997:79) as depicted in Figure 2.

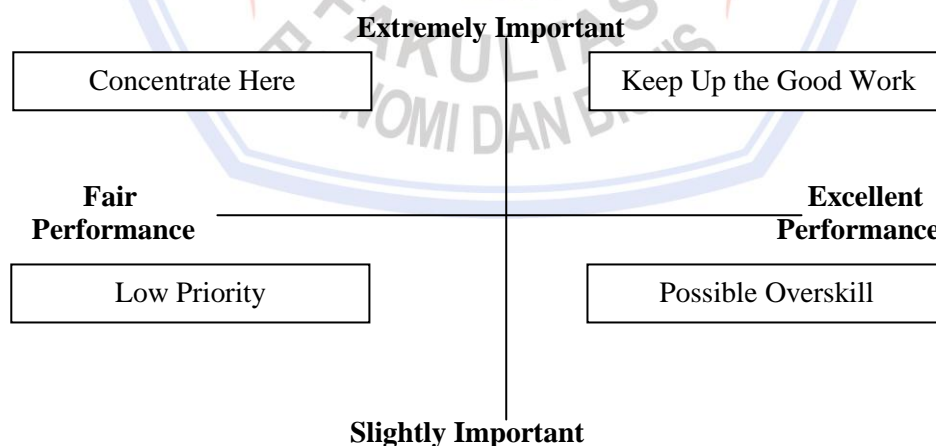


Figure 2. The Original IPA Framework
Source: Martilla, J. and James J, 1997: 77-99.

- a. In quadrant 1, importance is high but performance is low. This quadrant is labeled as “Concentrate Here”, indicating the existing systems require urgent corrective action and thus should be given top priority.

Factors located in this quadrant are considered as important factors and or hoped by the consumer but the condition Perceptions and Actual Performance of existing or currently not satisfactory so that the management is obliged to allocate adequate resources to improve the performance of these various factors. Factors that lie in this quadrant are a priority for improvement.

- b. Items in quadrant 2 indicate high importance and high performance, which indicates that existing system, have strengths and should continue being maintained. This category is labeled as “Keep up the Good Work”. Factors that lie in this quadrant are considered important and expected that as an additional factor for customer satisfaction, so that the management is obliged to ensure that the institution's performance under its management to continue to maintain the achievements.
- c. In contrast, the category of low importance and low performance item makes the third quadrant labeled as “Low Priority”. While the systems discontinuation. Factors that lie in this quadrant have a higher perception or lower switching Actual performance is not considered too important and too hopefully by the consumer or that the management does not need to prioritize or too give attention to these factors.
- d. Finally quadrant 4 represent low importance and high performance, which suggest insignificant strengths and a possibility that the resources invested may better be diverted elsewhere. Factors that lie in this quadrant are considered not really important or not really hoped and so management needs to allocate resources associated with these factors to other factors that have a higher priority handling that still need improvement, such as in the quadrant B.

RESULT AND DISCUSSION

Result

Validity and Reliability

By comparing correlation index in Pearson Product Moment with significance level of 5%, it can be seen a research instrument is valid or not. The result of this analysis showed that the assumption of independence between the importance and performance is invalid in certain situations. The reliability test is done by looking at the Alfa Cronbach value, in this research the value of Alfa Cronbach is 0.621, therefore the research instrument is reliable since it is above the acceptance limit of 0.6.

Result of Importance Performance Analysis

Table 1. Indicators of Importance and Performance Program

Indicators of Compensation Programs	Importance (Y)	Performance (X)	Quadrant
Salary	4.27	3.95	II
Insurance	4.49	4.3	II
Accommodation	3.8	3.6	III
Bonus	3.92	3.5	III
Promotion	4.05	3.92	IV
AVERAGE	4.09	3.86	

Source: Data Processed, 2016

Table 1 shows that the importance of insurance has the highest mean ($y=4.49$), followed by salary ($y=4.27$), promotion ($y=4.05$), bonus ($y=3.92$), and accommodation ($y=3.8$). Meanwhile, the performance of insurance has the highest mean ($x=4.4$) followed by salary ($x=3.95$), promotion ($x=3.92$), accommodation ($x=3.6$), and bonus ($x=3.5$).

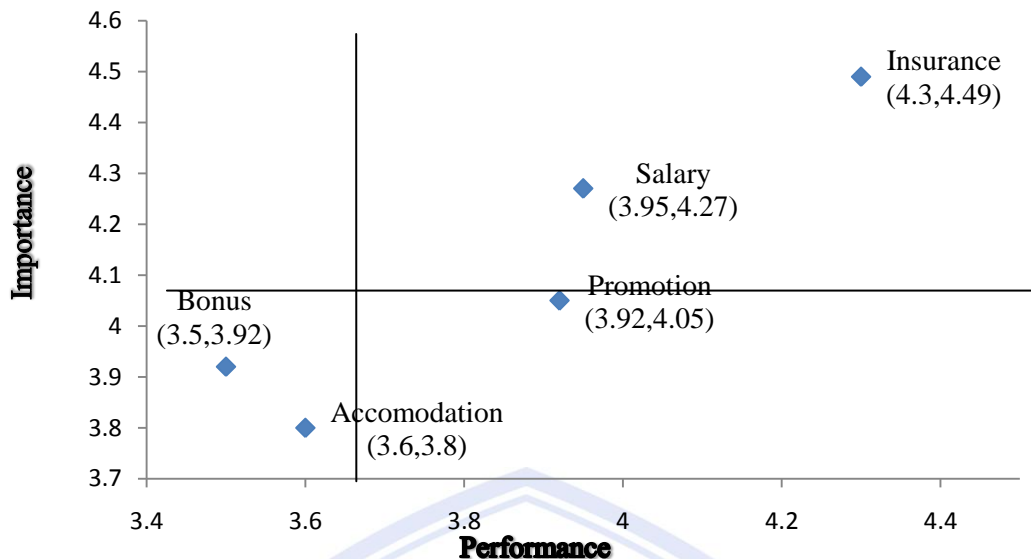


Figure 3. Data Plotting of Agent Competencies Attributes in Quadrant

Source : Data Processed, 2016

Figure 3 shows that salary and insurance is located in quadrant II which means salary and insurance are perceived to be very important to employees, and at the same time, Bastianos Resort in Lembeh has a high level in the compensation program performance in these activities. In other words, Bastianos Resort perceives satisfactory in implementing salary and insurance. As all the aspects in this program are necessary for employees, the message here is to *keep up the good work*. Employees at Bastianos Resort in Lembeh are most satisfied with salary and insurance. Bonus and accommodation is located in quadrant III. It is assessed as *low priority*, which means the attribute is not really important for the customers and at the same time also has a low performance level. Although performance level is low in this cell, managers should not be overly concerned, since the attributes are not perceived to be very important. The message here is limited resources should be expended on this *low priority* cell. In quadrant IV, *possible over kill*, there is one indicator which is promotion that is rated by employees as of low importance with high performance. Here, the employees are very satisfied with the company's performance, but all the continuous effort in delivering those benefits from promotion to indicators in this quadrant are wasting resources and the resort should consider allocating resources elsewhere.

Discussion

The result shows that amongst all indicators insurance and salary are very important to the employees compared to the other indicators. Based on the data plotting, accommodation, bonus, and promotion have a low level of importance to the employees. While in terms of performance, salary and insurance have a high level of performance compared to the other attributes. It is then followed by promotion, and the last accommodation and bonus based on Bastianos Resort's employees.

The recap data which was gathered by questionnaires, Insurance and Salary have the highest importance and performance levels, which are categorized as "keep up the good work" quadrant. Both indicators that fall into this quadrant are compensation program strengths of the resort. In this research, it was proven that both salary and insurance are also important to the employees of Bastianos Resort in Lembeh. Salary and insurance are factors that influence the well-beings, and so, the result is as expected. This quadrant suggests areas where the resort is doing well and must continue the good work.

Promotion is considered relatively high for its performance level, but the importance level is low according to the employee's opinion. Promotion falls into the "possible overkill" quadrant. The "possible overkill" quadrant is overly emphasized by the resort. This means that employees do not expect much from this indicator while the outcome of Bastianos Resort in Lembeh's compensation program is performing more than the expectation.

For the last indicators, accommodation and bonus are categorized into the “low priority” quadrant. The indicators have a low level of importance to the employees and also have a low level of performance. They are non-important and do not pose a threat to the resort. Consequently, it is unnecessary for management to focus additional effort here. Bastianos Resort in Lembah provides accommodation; unfortunately, most of the employees live on Lembah Island. Instead, the employees have motorbikes to assist them to work. Employees are also provided with meals but some do not have adequate time for it. For instance, there are 17% of the employees who are boat crews and another 17% who are dive guide who do not spend a lot of time at the resort since they assist guests to other destination or dive sites. Because of this, the accommodation provided does not affect them even though they are provided with meals. The employees feel that accommodation has low importance that does not affect their job performance. These are examples of resources that do not need further attention. This research was based on the research of two previous journals. The journals all used Importance-performance analysis for the method. The objectives of the two journals were also similar to this research which was to understand the employees’ expectations and the performance of the indicators. The research done by Eskildsen and Kristensen (2006) is more similar to this research because both researches contain invalid indicators which meant that it was not significant to the employees.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the result of analysis and the discussion two conclusions can be formulated.

1. The importance level of compensation program for Insurance and salary is very important, for promotion is relatively important, and for accommodation and bonus is not really important to the employees.
2. The performance level of compensation program for insurance and salary has a good performance, while promotion has a fair the low level of performance in the employee’s point of view, and accommodation and bonus has a low level of performance but it does not bring the problem to the organization since the level of its importance is also low.

Recommendation

After the discussions and the results, some recommendations have been made as listed below:

1. Insurance and salary’s level of importance and performance are in the highest level over the others. Therefore management should maintain these attributes because it is the most important and has a high level of performance to keep the customers satisfied in influence Bastianos Resort in Lembah.
2. Bonus and Accommodation are indicators that have low performances and low importance which does not need to be focused on the performance of these indicators since it is not perceived to be very important to the employees. These indicators should be allocated to other indicators to help maintain the satisfaction of the employees.

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