THE IMPORTANCE AND PERFORMANCE ANALYSIS OF COMPENSATION PROGRAM IN PT. GRAPARI TELKOMSEL MANADO

ANALISIS KEPENTINGAN DAN KINERJA PROGRAM KOMPENSASI DI PT. GRAPARI TELKOMSEL MANADO

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Abstract: This research aims to analyze The Importance and Performance analysis of Compensation Program in PT. Grapari Telkomsel Manado. The research type is quantitative descriptive method, using Importance and Performance Analysis as the analysis tool. 50 employees of PT. Grapari Telkomsel Manado, participated in this research, resulted in groups of compensation program in accordance to the importance and performance of each compensation program. There were attributes of the compensation program in PT. Grapari Telkomsel Manado: living allowance, phone credit, are plotted in quadrant I that indicates a good performance and a high level of importance. Overtime pay are plotted in Quadrant II. The respondents attached a high level of importance to these compensation program, yet have a deficient performance. On the other hand, basic salary are in Quadrant III. They are considered to be not important and have a deficient performance. The company has to pay a special attention to living allowance and phone credit. For an instance, to allocate more resources in order to improve those compensation programs.

Keywords: *compensation, importance and performance analysis*

Abstrak: *Penelitian ini bertujuan untuk menganalisis kepentingan dan Kinerja Program Kompensasi di PT. Grapari Telkomsel Manado. Jenis penelitiannya adalah metode deskriptif kuantitatif, dengan menggunakan Analisis Penting dan Analisis sebagai alat analisis. 50 karyawan PT. Grapari Telkomsel Manado, berpartisipasi dalam penelitian ini, menghasilkan kelompok program kompensasi sesuai dengan kepentingan dan kinerja masing-masing program kompensasi. Ada atribut program kompensasi di PT. Grapari Telkomsel Manado: tunjangan hidup, pulsa telepon, diplotkan di kuadran I yang menunjukkan kinerja yang baik dan tingkat kepentingan yang tinggi. Pembayaran lembur diplot di Kuadran II. Responden melampirkan tingkat kepentingan yang tinggi terhadap program kompensasi ini, namun memiliki kinerja yang kurang baik. Di sisi lain, gaji pokok ada di Kuadran III. Mereka dianggap tidak penting dan memiliki kinerja yang kurang. Perusahaan sebenarnya memberikan perhatian khusus pada tunjangan hidup dan kredit telepon. Sebagai contoh, untuk mengalokasikan lebih banyak sumber daya untuk memperbaiki program kompensasi tersebut.*

Kata Kunci : *kompensasi, analisis kepentingan dan kinerja.*

INTRODUCTION

Background

Employees' compensation is divided into two categories: the intrinsic and extrinsic reward. Intrinsic rewards relate to a psychological mindset that is experienced by workers at work. Where as the extrinsic reward covers employees' pay and benefits, which workers enjoy as a result of their contribution to the organisation. The most vital tool for creating value to organisation is extrinsic compensation.

Compensation is all the income in the form of money, goods directly or indirectly received by employees as a reward for services rendered to the company. Compensation in the form of money, which means that salaries are paid by the amount of currency to the employee concerned. Compensation in the form of goods, which means that wages are paid in kind. Compensation is a term associated with financial rewards (financial reward) received by the people through their employment relationship with an organization. In general, the form of financial compensation for the monetary expenditure undertaken by the organization. Compensation can be directly given to the employee, or indirectly, where the employee receives compensation in the form of non-monetary form.

Telkomsel developments in North Sulawesi very rapidly. Proven by use of provider Telkomsel most superior compared to other providers, although in the present era Telkomsel great while in competition with other operators. Meanwhile Telkomsel targets all villages in the province of North Sulawesi (Sulawesi) can be served with good mobile phone network. In the short-term efforts Telkomsel to expand the network in all regions of both the city district to the villages of North Sulawesi, in order to expand the network more widely to the entire community in North Sulawesi, the Telkomsel plans to add a number of Base Transceiver Station (BTS) and its capacity with the expansion of the service then Telkomsel requesting reports from the public about which areas catch the signal has not been good. As the largest mobile operator in Indonesia and North Sulawesi in particular, Telkomsel has a high concern to develop a wider network. In 2011 Telkomsel subscribers reach 2.5 million people in North Sulawesi region. Customer much as it can be from a variety of interesting programs offered Telkomsel ranging from voice, short message service (SMS) to broad band. Program broadband, adjusting to the demands of the world of information technology today, where the Internet is increasingly becoming people's needs both for the development of science as well as social networks and various other interests. To expand the broadband program, Telkomsel will equip special equipment a number of base stations that can produce a fast and convenient network for the community of Internet users.

Therefore, this study interested in conducting "The Importance-Performance Analysis and Compensation Program at PT. Telkomsel Grapari Manado" because for successful compensation program is essential to the good performance of company employees, or in this case PT. Grapari Telkomsel located in Manado.

Research Objectives

The purposes of this research are to figure out how is the importance of compensation in PT. Grapari Telkomsel Manado and how is the perfeoromance of compensation in PT. Grapari Telkomsel Manado.

THEORITICAL FRAMEWORK

Human Resource Management (HRM)

HRM is a vital function in organizations. It engages everyone and it take time. Managing human resources effectively requires that the special expertise of HR profesionals in the HR department be used by and in partnership with managers another employees. It involves attending to the concerns of the moment while keeping a longer-term perspective in mind. It also involves continuously improving and changing activities that take time to put in place and produce results.

Compensation

Compensation has a great influence in the recruitment of employees motivation, productivity and employee turnover (Benardin and Russel, 1993). The level and the strategic role of compensation should be of concern because the level of compensation will determine the lifestyle, self esteem and the value of the company. However, providing appropriate compensation that is fair and adequate to meet the requirements of a good compensation package is the most difficult to implement by most organiations.

Previous Research
        The Effect of Overtime Working Hour Restrictions on Wages in Taiwan, ROC by Yu Cheng Lai (2011) is using quantitative analysis method. The research was conducted in Taiwan ROC. The overtime restrictions would likely to decline the gender wage gap because it can increase the wage of female workers compare to male workers. However, the LSL will decline the gender wage gap via the overtime restrictions. It provides empirical evidence in Taiwan that the LSL may affect the gender wage gap.
        Compensation Method and Employees Motivation (With Reference to Employees of National Commercial Bank Riyadh) by Alamzeb Aamir (2012) is using regression analysis method. The research was conducted in Riyadh, Saudi Arabia, with the objectives to compare the extrinsic and intrinsic rewards, which are used as factors of motivation in the banking sector of Saudi Arabia. The research showed results that the employees of NCB were motivated both by the extrinsic and intrinsic rewards, in such way that extrinsic factors were more causing motivation. The analysis result show that reward management has an intense direct positive relationship with employee motivation level also the intrinsic factors played important role in the motivation process. This research paper stress that banks in public sector shall apply the advance and updated human resources strategy regarding extrinsic and intrinsic rewards.
        The Impact of compensation on the job satisfaction of public sector construction workers of jigawa state of Nigeria by Jamilu B. Salisu (2015) is using quantitative analysis method. The research was conducted in Jigawa Satate of Nigeria. Allowance has no significant impact on job satisfaction because public it is not paid on regular basis but relative to certain circumstances. The significant of gratuity to workers job satisfaction is apparent. The reasonable lamp sum received in form of gratuity will be used to satisfy some basic needs of workers upon retirement. Pension is significant to workers job satisfaction because it is earn monthly after retirement and it is provided o in the public sector unlike private sector in Nigeria.
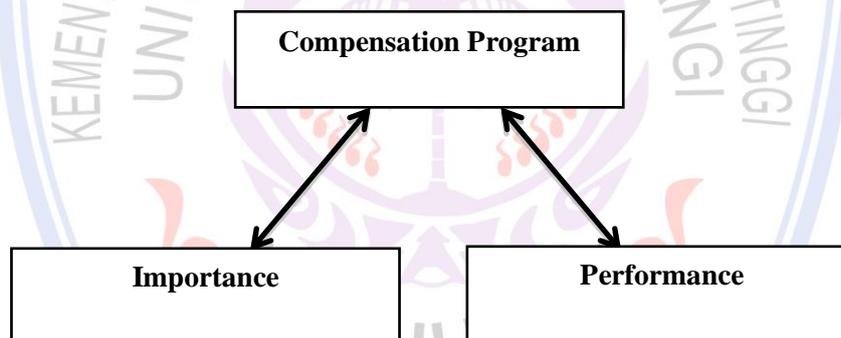
Conceptual Frame

Figure 1. Conceptual Framework

RESEARCH METHOD
        This chapter explains about the type of research, the place and time of research, population and sample, Data collection method, Operational Definition and Measurement of Research Variable and Data Analysis Method. It is all complied to describe the research method which includes collecting information and data, and to analyze it.

Place and Time of Research
        This research is conducted at PT. Grapari Telkomsel Manado, located at Jalan Pemuda No. 2 Sario Utara, Sario, Manado, Sulawesi Utara. The research taken between July 2017-February 2018.

Population and Sample
        The population that is mainly observed in this current research is the employees of PT Grapari Telkomsel Manado. Population is the group you want to generalize to. Sekaran (2010) stared that population is "the entire group of people, events, of things of interest that the researcher wishes to investigate". A population is a group of experimental data, persons, etc. Population in this research is A population is built up of

elementary units, which cannot be further decomposed. In this research, the sample is all of the regular employees of PT. Grapari Telkomsel Manado that are 50 respondents.

Sample is the actual unit selected for observation. Accoarding to Sekaran (2010) a sample is "a part of the population". Sugiyono (2014), sample is the part of the sum and characteristic on the population. When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey. For the sample employees of PT. Grapari Telkomsel Manado are 50 employees.

Data Collection Method

Hox and Boejie (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. This primary data will be analyzed in order to get the result and conclusion.

According to Hox and Boejie (2005) 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, working papers, and website.

Operational Definition
1. Basic salary: A reward given by PT. Grapari Telkomsel to its employees salary. Each month and the amount depends on the position.
2. Living allowance: The amount of money that an employees gets from addition to his or her normal pay, because the cost of living in a particular area is high. This is a cost beyond the basic salary given by the company PT. Telkomsel Grapari Manado intention is to support the cost of living.
3. Overtime pay: Additional financial compensation for any hours worked by non exempt staff over the normal workhours. The amount of Overtime 14 hours a month. Employee will receive overtime pay based on the accumulation of their overtime in a month at the same time with basic salary.
4. Phone credit: The unit of telephone cost calculation, the phone credit of 150/ person every month.

Validity and Reliability

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.

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 2010:324). A result of a reliability test generated by using statistical software SPSS.

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 2 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.
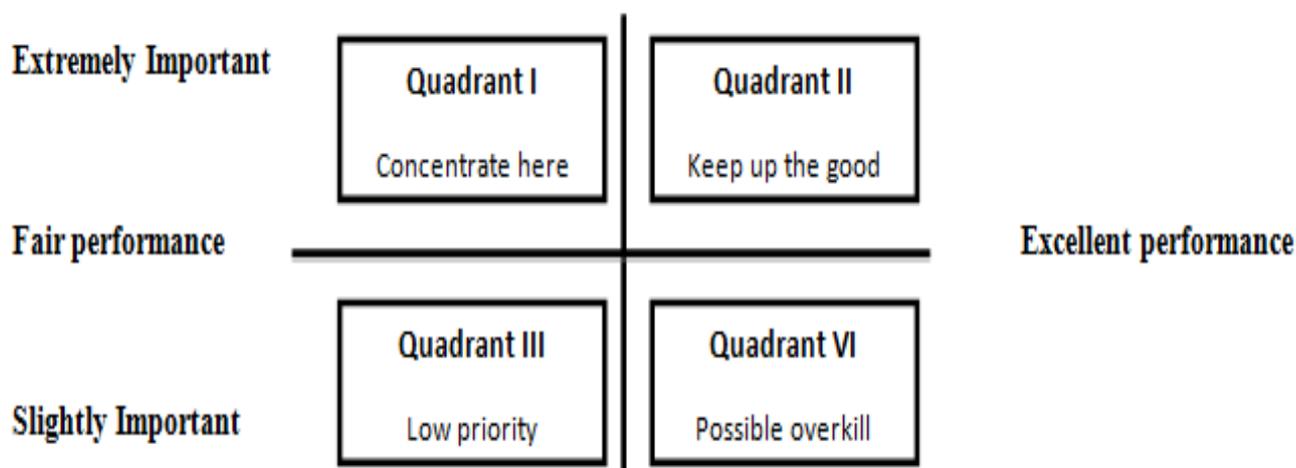
Figure 2. Importance Performance Grid

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	,635[**]	,879[**]
	Sig. (2-tailed)		,000	,000
	N	50	50	50
Avr_Perf	Pearson Correlation	,635[**]	1	,927[**]
	Sig. (2-tailed)	,000		,000
	N	50	50	50
Avr_Imp_Perf	Pearson Correlation	,879[**]	,927[**]	1

	Sig. (2-tailed)	,000	,000	
	N	50	50	50

**. 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 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
,893	3

Source: SPSS Output, 2018

Table 2 shows that Alpha Cronbach is 0.893 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

Service Quality Attributes	Importance Mean	Performance Mean	Quadrant
Basic Salary	3.94	4.1	III
Living Allowance	4.08	4.08	I
Overtime Pay	4.14	4.18	II
Phone Credit	4.08	4.06	I
AVERAGE	4.06	4.105	

Source: Data Processed, 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
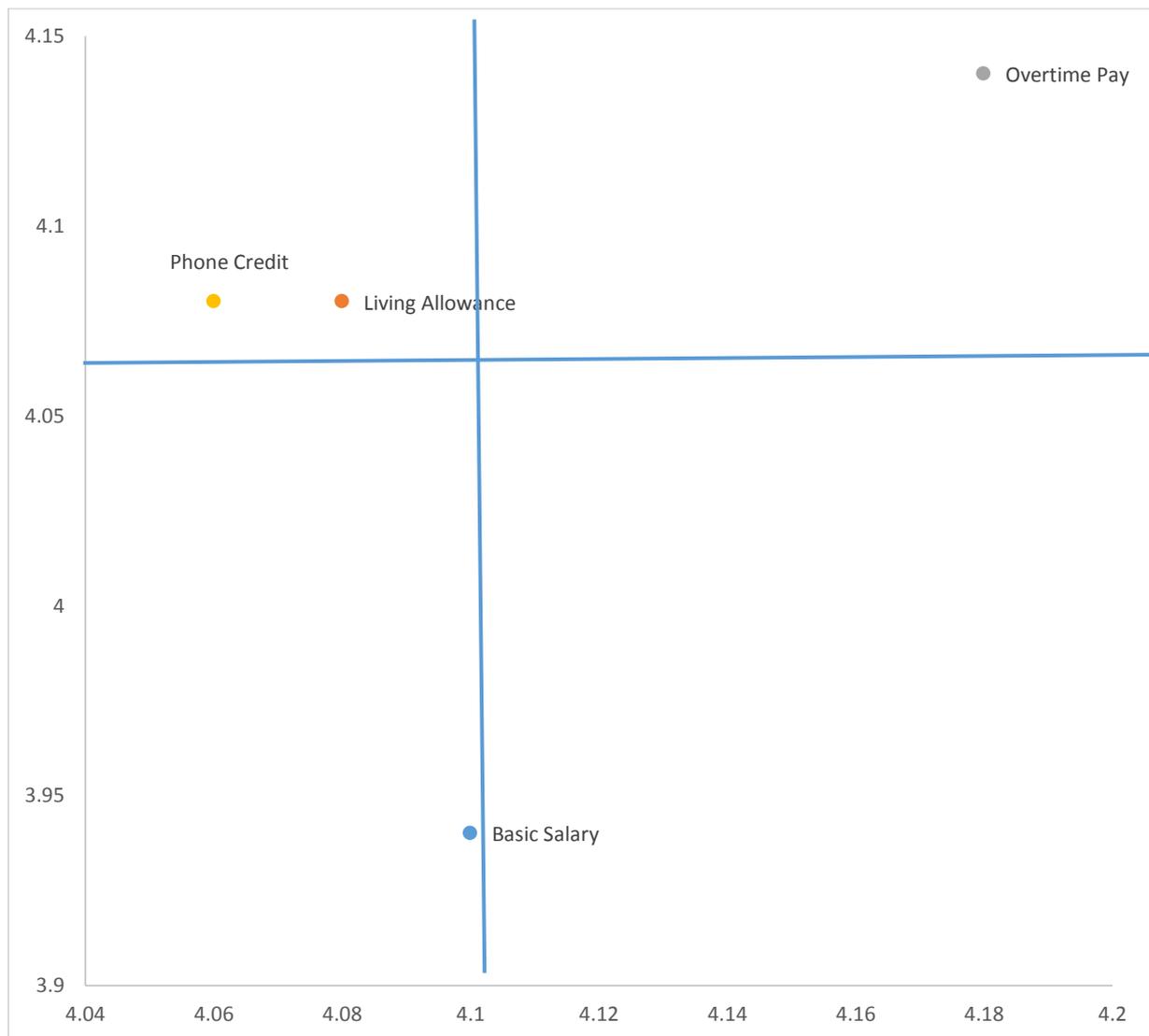

Figure 3. Data plotting of Compensation Program Attributes
Source: Data Processed, 2018

Based on Figure 3, there are two attributes located in Quadrant I which are phone credit and living allowance. It means that the employees think that those attributes are important but the company performance level is low.

The attribute of overtime pay is located in Quadrant. Attributes that located in Quadrant II means that it has a high importance to the emplyees and the company also achieves high performance according to the employees. In short, attributes that located in this quadrant means that the employees already satisfied with company performance and the company needs to maintain and keep this employee's satisfaction.

The last attribute which is basic salary is located in Quadrant III. Attributes located in this quadrant have a low importance to the customers and the company also has low performance in those attributes. So, the attributes located in this quadrant are not a priority to the company.

Discussion

Importance and Performance analysis is a simple tool to evaluate compensation program in order to boost employees productivity and help company improve a more efficient compensation program in accordance with employees needs. To conduct importance and performance analysis research a company only need employees contributions and approximately takes a little time.

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. Grapari Telkomsel Manado, the researcher answered the problem questions. There were 50 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 4 attributes or elements in compensation program that this research uses which are: basic salary, living allowance, overtime pay and phone credit.

The researcher has considered all those attributes 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.

There are two attributes that are located in Quadrant I which are phone credit and living allowance. The first one is phone credit, judging from the position of this attribute in quadrant, it can be seen that this attribute is very important to the employee but the performance is the lowest. In other words the employee is really not satisfied with the current phone credit compensation from Grapari. Phone credit has already become one of the primary needs in this modern society, many people spend so much money in buying phone credit because it is very essential in communicating with others. Aside from that, the employees think that they being the employee of the biggest provider company in Indonesia should have higher amount of phone credit compensation than other company that is not even in telecommunication provider business. The researcher think that this factor of pride also contributes in making the employee think that Grapari does not give enough phone credit compensation for the employees. The second attribute is living allowance. Although in quadrant I it is located in the same spot with the phone credit with phone credit in terms of its importance to the employees but in terms of performance it is slightly better. But according to this research it is still not enough, the employees still think that they deserve more in living allowance. The employees see the living allowance as an important element of their compensation. This thinking is really understandable because living allowance is an attribute that has the biggest contribution in their overall take home pay. So, with the increase of living allowance it will also increase their take home pay quite significant. Not only that, but the employees also think that there are factors like the location of workplace, family compensation and others that should be increase and all these factors are all fall in living allowance category.

The overtime pay is the only attribute that is located in Quadrant II. Being in this Quadrant means that Grapari already meet the expectation of the employees in giving the compensation for overtime. Overtime pay are proven to be very important to the employees, it can be seen from its location in terms of importance is the highest compare with the other attributes. The reason is simple, the employees want their hard work to be appreciated by the company. By doing overtime the employee think that they doing an extra work and also putting more effort in helping the company to grow and this work and effort must be appreciated by the company. The good thing is that the employee finds that the compensation that they receive from the company is satisfying. This means that the employee feel appreciated by the company and it can become a factor for them to increase their performance.

The last attribute which is basic salary is located in Quadrant III which means that this attribute is not really important and Grapari still not giving enough for the employee. Actually right now, it can be seen that basic salary is becoming less important for the employee. That because basic salary already become a factor that has little contribution in the overall take home pay of an employee. Others attributes like living allowance and overtime pay often can become higher than basic salary of an employee. This is already becoming something like a trend in company to give a low basic salary but give or increase the other attribute of compensation. The

researcher believe that it is a way to motivate the employee and the employee himself knows the intention of the company. That is why the basic salary is becoming less important for the employee. After all, it is all about overall take home pay for the employee.

CONCLUSION AND RECOMMENDATION

Conclusion

This research has identified 4 atributes of compensation program which are: basic salary, living allowance, overtime pay and phone credit. The Importance Performance Analysis is used to compare them according to the employee's perspective toward their importance and performance.

The conclusions drawn from this research are as follows:

1. The basic salary are not really important for the employee and Grapari also still does not give the employee a satisfying basic salary.
2. The living allowance is really important to the employee but Grapari still does not give the employee a satisfying level of living allowance
3. The overtime pay is very important to the employee and Grapari already give a satisfactory level of overtime pay to their employee.
4. The phone credit is very important to the employee but Grapari still does not give a enough phone credit to the customer.

Recommendation

By looking in the discussion and the result of the research, some recommendation has been made as listed below:

1. The living allowance and phone credit are all attributes that are in Quadrant I. Grapari need to prioritize in increasing its performance in these two attributes. These two attributes are considered to be important by the employee of Grapari but Grapari still does not achieve the performance level where the employee are satisfied. Grapari needs to increase the amount of these two attributes so that the employee can feel satisfied and it can increase their performance.
2. The overtime pay is located in Quadrant II. This means that the overtime pay given by Grapari is already in the level where the employee is satisfied. Seeing that these attributes are considered important to the employee and the Grapari already reach a satisfying level then Grapari only need to maintain this current condition.
3. 3.The basic salary is located in Quadrant III. The employee does not really think basic salary to be so much important. It can be tell from the research that they are more concern of the amount of additional income rather than the basic salary. In short it is the matter of take home pay that is more important. But although it is not really important in the mind of the employee but they still think that the basic salary that they receive is still not enough. Facing this situation, Grapari can either increase the basic salary or just let it in its current level and prioritizing the other compensation program that is more important in the mind of the employee.

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