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COMPENSATION AND OFFICIAL PERFORMANCE IN GOVERNMENT AND NON-GOVERNMENT ORGANIZATION

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ABSTRACT

This research aims at knowing the important of human resource in an organization and the importance of good compensation to increase performance. Human resource is managing other resources as such almost every organization states that human being resources is the most important assets for an organization. As one of the elements of production, human being has the highest position of other elements such as capital and machine. Although, human being has a unique characteristics which has an active personnel characteristics, many uses intuition dynamics even sensitive as well as manager or users the two elements, namely, capital and machine to produce certain output. To obtain the wish in fulfilling the needs in which it is considered as encouragers or movers for someone to do something, including doing a job or work, that is, compensation such as wages, salaries. These are used to organize the gift to officials between organization that gives responsibility, namely, a form of trust that is given by the organization to its officials to complete task. Therefore, human being is positioned as an element which is very special by every organization, because human beings would be encouraged to work and would increase their productivities..

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INTRODUCTION

In globalization era, conducting government organization the biggest challenge is how to conduct the successful development by consistently applying highly commitment such as the application glorious values of nation culture and good governance principle in bringing into reality the nation desires and country as entrusted in the preamble of basic constitution of 1945. Paying attention to how important to the problems mentioned above, public organization as governance implementation, must pay attention seriously towards the important role of human resources (officials), as one of the main pillar to bring into reality good governance. The efforts can be created from the role of human resources (official government) that is effective, efficient, clean, and productive. For the purposes, it is necessary to formulate in detail and integrated efforts that must be conducted to achieve the higher level of productivity by knowing factors that significantly influence toward official productivity in their environment.

According to Hasibuan, Melayu S.P (1997), human resource management of official government in public organization is one of the resources which exist in an organization, besides the other resources such as capital, materials, and machines. Thus, it can be said that in human being there is a need in which at the time it will form objectives that will be achieved and be fulfilled. For some officials, a hope to get money is the only reason to work. However, the others have opinion that money is only one of the reasons amongst the needs that are fulfilled by working. A person who works would be appreciated by community in his/her environment, be compared with people who do not work. They will feel that they will more be appreciated when they receive various facilities and other status symbols from the organization where they work. From the description above, it can be said that the officials' willingness to show their ability knowledge, skills, power and time, actually hoping the repayment from organization which could fulfilled their needs. According to Schuler and Jackson (1999), Mondy, et al. (1999) Schermerhorn et al. (1998), Robbins (1996), and Siagian (1995), principally repayment can be classified into two, namely, intrinsic repayment and extrinsic repayment. Intrinsic repayment is repayment officials received for themselves. Usually this repayment is positive

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value or satisfaction of officials towards themselves because of completing a challenging task. Therefore, the existence of judicative body is an essential prerequisite for a legal country which is established to control and conduct legal regulation and constitution of a country. Controlling is conducted as "balance" toward government in implementing governmental country and for the people it can be a guide in some ways they have to do something according to their own rights and obligations. In other words, judicative body is one of the controlling bodies, implementation of law as well as a fortress operational law and justice. This is the significance and the essence of free-judicative base.

Problem formulation

- How is important of human resource in government organization as well as non-government organization;
- How is the role compensation in increasing performance.

Literature Review

Compensation is often called as appreciation and can be defined as every single appreciation from be given to officials as repayment for their contribution to organization. Garry Dessler (2000) defined compensation as follows: employee compensation is all forms of pay rewards going to employee and arising from their employment. This means that compensation is a gift compensate for their work results which they have done based on their own performance. Performance can be valued and be measured which is based on by certain parameters which was determined by the organization objectively. Handoko (1998) stated that: Compensation is a gift to certain officials with financial payment as a repayment for works they have conducted and a motivator for implementing activity in the future. Compensation type which has been given to officials can be financial compensation and non-financial compensation (Monday and Neo, 1993). Financial compensation is compensation received by officials in financial forms such as salary, wage, bonus and support.

Objective and compensation function

Generally compensation gift is to aid organization in achieving the objective strategic result and to assure the existence of justice both internal justice and external justice. Schuler and Jackson (1999) stated that compensation can be used to

- Attract potential people to collect together in the organization.
- Keep in the good officials.
- Achieve competitive superiority.
- Motivate officials in increasing productivity or achieving high level performance
- Pay the payment based on the legal/regulation
- Facilitate strategic targets
- Rigor and determine structure.

While non-financial compensation is compensation received by the officials in non-financial forms such as promotion and appreciation. In Andrew. F Sikula's research (in Martoyo, 2000, 125) stated that in section of officialdom, a financial present is given to official is an appreciation of their service, while remuneration is a present payment or repayment for the service given, for organization of firms, compensation reflects

organization effort in keep-going on and increasing their official healthy. Experience shows that compensation which does not have adequate amount could decrease performance, work motivation, work satisfaction of officials, even it can cause potential officials leave from organization. Consequently, law system has the spirit of individual liberal, law system has the class character of law), law system is a mechanism as indirectly and directly serve the importance of economic class and class of dominant politic. Thus, it is correct the critical of Unger, Roberto (1986) that practical jurisprudence (theory) the liberal law failed to handle issues such as race discrimination, gender, injustice, poverty, oppression, war and so on. The needs of liberal law theory contained what they have accused as incoherent internally inconsistent and self-contradictory. The sharp critical of Unger above, it is enough or is often coloured various decision of judicature. Usually, it is known in Latin language as *Nullum delictum nulla poena sine pravia lege*, (no offense no condemn without regulation first). This utterance "*Nullum delictum nulla poena sine pravia lege*" came from von Feuerbach, condemn law scholars of Germany (1775-1833). This first principle is from article one verse (1) KUHP only determine that its condemn sanction that must be determined by constitution. Its norms follow system in each law field, that is, civil law or constitutional law, or administration law of government/matters that all give the roles fully towards the customs and other regulation which is related to constitution, such as government regulations, ministry regulation and such as instruction in official administration determining the requirements of this legislation has relation with the fact that condemn sanction or administrative sanction and is an ultimate remedium or the last lethal weapon to erect the law.. If the compensation program is in accordance with the workers constitution which has been applying (such as minimum wage limit). The over intervention of government can be avoided. The objective compensation development is not the regulation stiffly followed and is operationalized, but it is more to the guidance in giving wages/salaries to their officials. The more better the wages and salaries of an organization, the more better the salaries and wages received by its officials.

Types of Compensation

As explained above, one of the main objectives of officials in working is to gain compensation which is often like salaries received by officials periodically. Compensation held in order that officials can fulfill all or some needs and wants. Organization gives compensation as one of the appreciation forms of their services which have been given by the officials through work results; compensation is not always in repayment of financial form.

Research Method

Approach and research design are designed by using qualitative approach. As a part of natural paradigm, qualitative research is conducted by researches with assumption that every context related with critical research, so that every participant gives significant contribution contextually towards field data (Moleong, 1993:165). Qualitative research is also concerned to pick up in a net social complexity which is normally happened in day-to-day social interaction to provide opportunity to participants.

RESULTS AND DISCUSSION

The use of Human Resources is more efficient and more effective

High compensation for an official has implicated that organization obtained benefit and maximal use from the official because the big compensation is very much determined by the high or the low of the official work productivity. The more officials be given high compensation means that the more officials obtained high achievement. The amount of officials obtain high achievement will decrease cost revenue for the unnecessary works which was resulted by inefficiency and ineffective work. Thus, giving compensation can make the use of human resources are more efficient and more effective.

Work-Based compensation and occupation

There are three main components to develop compensation plan based on occupation. First, implementing internal justice through occupation evaluation; Second, implementing external justice through market survey; and third, achieving individual justice (Gomes-Mejia, et.al, 1995). Occupation evaluation method focuses on occupation as a concern unit. Several methods evaluate occupation comprehensively, while the others use factors that can be compensated. The most popular method of occupation evaluation which has been used to evaluate executive, manager, professional and technical position, administration and manufacture is Hay Guide Chart-Profile method. Operationally, this system relies on three main factors which can be compensated. They are: problem solving, know-how, and accountability. According to this method, the important factors have high-value, while the less important factors have lower-value. This occupation evaluation is only for internal organization not to count the wage level in market or in other organizations. Besides that, this occupation evaluation only focuses on the task value of each occupation, not on the people who does it (Schuler and Jackson, 1999; Gomez-Mejia et al., 1995).

Justice and Feasibility in Giving Compensation

A part from things mentioned above, in giving compensation it is necessary to consider justice and feasibility elements: 1) justice in giving compensation whether they are wage, salary, bonus or others, justice is important to take into consideration. Justice does not mean that the same feeling is the same decision without discriminating against, but it must be related with the existence of relation between sacrifice (input) and output. The higher sacrifice the higher income expected so that the things to be evaluated is sacrifice (input) which is needed by an occupation. Input in one occupation is performed by requirement (specification) which must be fulfilled by the person who occupied the occupation. Therefore, the higher level of input the higher level of income (output) expected. This output is performed by wage received by the officials where in the wage, justice is included in it which very much is paid attention by every official as the receiver of the compensation. If such justice demand has been fulfilled which means that the organization has internal consistency in its compensation system; 2) Feasibility besides justice in giving compensation is necessary to pay attention. The meaning of feasibility is related with living standard such as minimum main needs, or minimum wage which is suitable with the

government regulation. Feasibility is also viewed by comparing the wage in another organization. If this feasibility has been achieved, the organization has achieved what is called external consistency. If the level of wage in an organization is lower than other organizations, this will result difficulties for the organization in finding out manpower. Therefore, to fulfill both internal and external consistency it is necessary to use a job evaluation.

Relation Compensation with the Increase of Official Performance

Talking about policy of giving compensation, it is mostly leading to the amount of repayment paid to officials. If the amount of compensation has been adequately enough which means that it has been adequate and good. The real problem is not as simple as that because it has been adequate according to the organization point of view, but it has not yet been adequately felt by officials of the organization. According to Nitisemito (1996) the influence of compensation towards officials is very much significant. The high work enthusiasm, restlessness and official loyalty are much influenced by the amount of compensation. Generally, strike has been often happened in this our country mostly because of wage problem. Compensation payment based on skills which is actually at a certain condition can increase the official performance, but it can also make official frustration. For official who has skills which can be relied on giving compensation based on skills can increase performance. On the other hand, official who has neither skills nor ability to increase his/her own skills, this giving compensation system would result frustration. In connection with the expectation theory, giving compensation based on skills will motivate officials because this theory explains that an official would be motivated to exert his/her efforts better when the official is sure that his/her efforts will result good achievement appraisal. Good appraisal will be realized by appreciating from organization such as giving bonus, increasing salary or promotion and that appreciation would satisfy officials. According to Robbin (2001) skill-based compensation is suitable with ERG theory (Existence, Relatedness and Growth theory) of Alderfer, because this appreciation system would encourage officials to learn, improve and keep better their skills. This means that, for officials who want better fulfill their needs, giving compensation skills-based compensation would become an encouragement to better improve skills, so that they would get higher compensation. As a result, their needs would be fulfilled.

In relation to the need theory for achievement (need for achievement theory), giving skills-based compensation is also suitable with the need for achievement theory. This is because this compensation appreciation system would encourage officials to work more efficiently, wanting to learn new skills or increasing their skills, as such they are ready to face new challenges. This is quite clear, learning new skill is a certain challenge for officials who want to advance. If this challenge can be exceeded there would be a right fully proud for the officials. The pride which is not only for the achievement, but also for the appreciation received and satisfied themselves. In relation to reinforcement theory, giving skills-based compensation will encourage officials to learn continually, developing their skills and could work together with other officials in the organization. The more skills developed they have, the more bigger the compensation they will receive. This

giving skills-based compensation is also suitable with equity theory which compare between achievement or appreciation given by organization. Also, Hariandja M.T.E (2002) stated that if the achievement is similar with the appreciation given by organization, officials' motivation to improve their performance could be optimized. In other words, if the compensation given is suitable with equity and expectation of officials, officials would be satisfied and be motivated to continually increase their performance. In fact, most organization is still less appreciated skills and abilities of officials. As such, it is often faced giving compensation based on seniority not on the ability of officials to develop their own skills. This condition would result officials could become apathies and could become unmotivated to increase their performance, because improving skills is not balanced with the increase of compensation. On the other hand, compensation will increase by itself without increasing skills. Only time which can increase the amount of compensation. As such, if compensation is increased, officials only be motivated for the being time, after that their performance would be the same as their performance before. To motivate officials in increasing their performance, organization should use skills as basis to calculate compensation. Also, it is necessary to explain to officials that compensation will be given, which will be calculated based on their skills and ability in developing their skills to support completion tasks given to them. As explain before, if a officials is able to type, using manual-machine type or electric with satisfactory result, she should be paid higher than officials who just able to manually type. As well, a officials who is able to operate computer skillfully should be assessed more than the others.

Conclusions

- In organization human being is placed as specific element because human being can only be encouraged to work and increase their productivity if their various needs – from physical needs such as: eating, housing, dressing, safety needs, social needs - up until self actualization can be well fulfilled;
- To achieve justice as expected by officials, organization should take into consideration external condition, internal and individual condition as well. Compensation should be endeavored which is similar with condition out of organization. Compensation also should take into consideration individual condition. As such, organization will not give compensation by taking it into account subjectively and discriminatory. Thus, Compensation is based on performance.

Suggestions

- Giving performance-based compensation and officials skills seem that, it would satisfy officials. Thus, it is

suggested that giving compensation should be based on their performance, so that officials be motivated to increase their performance and develop their skills.

- There are several things to be bearing in mind when giving compensation. First, compensation should be given on justice by officials. Second, the amount of compensation is not completely different from expectation of officials.
- To fulfill the expectation of officials, compensation given by organization should satisfy various needs of officials.

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