

# 4<sup>th</sup> ICITB

## EFFECT OF GIVING FINANCIAL AND NON FINANCIAL COMPENSATION ON TEACHER PERFORMANCE IN MADRASAH ALIYAH NEGERI 1 (MAN1) BANDAR LAMPUNG SCHOOL

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### ABSTRACT

*The success of school level education is very clear by the performance of the teacher. Each school will always strive to improve teacher performance in the hope of achieving school goals and educating students to be expected examples. Because there are several problems that arise, the numbers are decreasing in the number of teachers, some of the factors that cause are the factors that are unsatisfactory for teachers and nonfinancial compensation that is still in expectation. The purpose of this study was to measure financial performance and non-financial compensation for teacher performance at the Bandar Lampung Madrasah Aliyah 1 Bandar Lampung. The population in this study were 50 teachers and used saturated sampling. Data collection techniques using questionnaires and using multiple regression analysis methods, t test and f test, the results of the study consisting of financial and non financial financial data on teacher performance. Then the proper financial burden and the non-financial responsibilities obtained will affect the performance of the teachers of Madrasah Aliyah Negeri 1 Bandar Lampung.*

**Keywords:** *Financial Compensation, Non Financial Compensation and Teacher Performance.*

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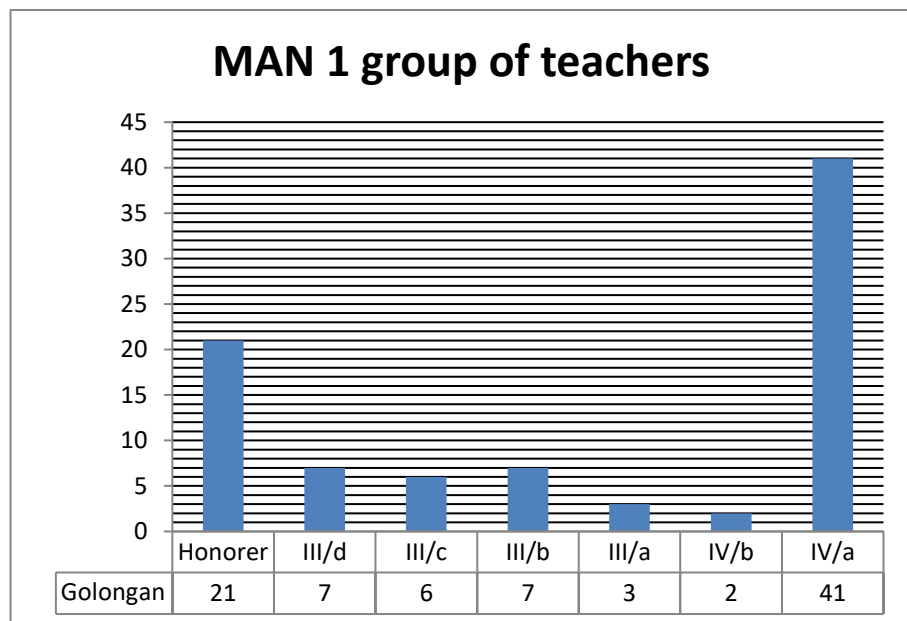
### INTRODUCTION

National education functions to develop abilities and form characters such as the vision of a dignified nation in order to educate the lives of the nation, aiming to develop the potential of students to become believers and devoted to God Almighty, noble, healthy, knowledgeable, capable, creative, independent , to be democratic and responsible citizens. The success of

teachers in the learning process is largely determined by the performance of teachers as educators. Teacher's performance is the entire effort of the teacher to deliver the learning process to achieve the goals of education, including activities related to his professional duties as a teacher and the teacher's personal development tasks.

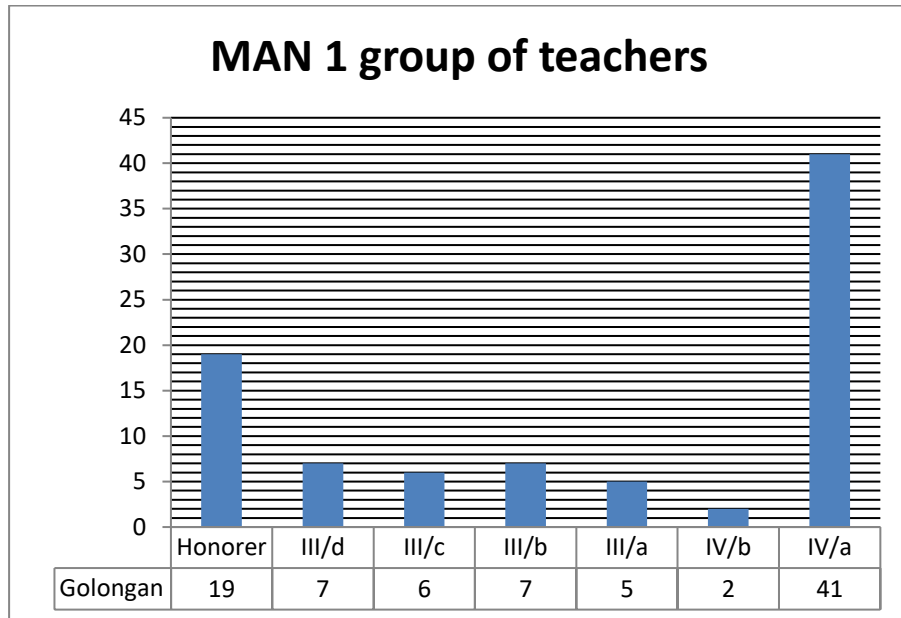
Compensation is very important for teachers, this is because compensation is a source of income for them and their families, besides giving compensation also affects the psychological conditions for the teacher himself in carrying out his duties as an educator. Compensation received by teachers can be grouped into financial compensation and non-financial compensation. Financial compensation is compensation received by the teacher in the form of money which includes salaries, incentives and benefits. while non-financial compensation is compensation in the form of non-money which includes opportunities for teachers to get career promotion, self-development and work environment.

Some of the teacher data obtained has classes from honorarium to the highest class. The data above also shows the number of teaching hours and the additional tasks each teacher has. For positions we can see from the following table.

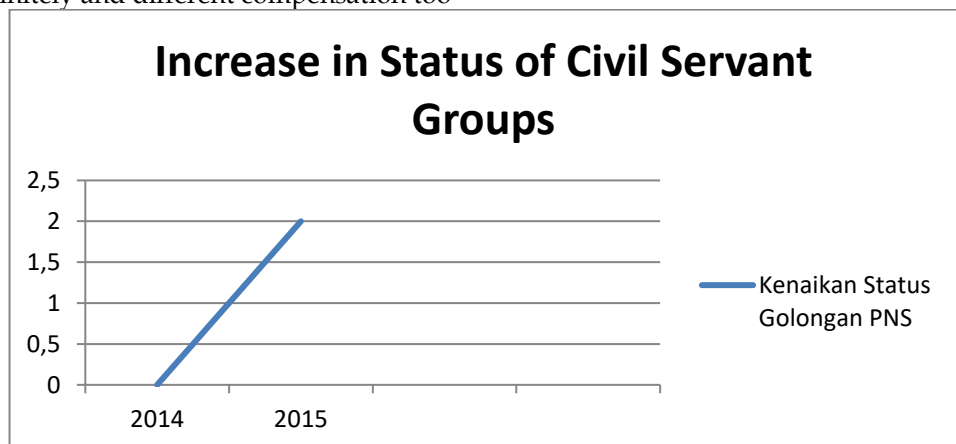


From the teacher's data in 2014 the graph above shows that the teacher in madrasah aliyah negri 1 Bandar Lampung has 41 teachers who are in IV / a, 2 teachers in IV / b, 3 teachers in III / a, 7 teachers in III / b, 6 teachers who

were in III / c, 7 teachers in III / d and 21 teachers who were honorary in terms of the above groups had different salaries and different compensation as well. Furthermore, in 2015 there were changes to the class and accreditation from honorary to civil servants in MAN 1 Bandar Lampung



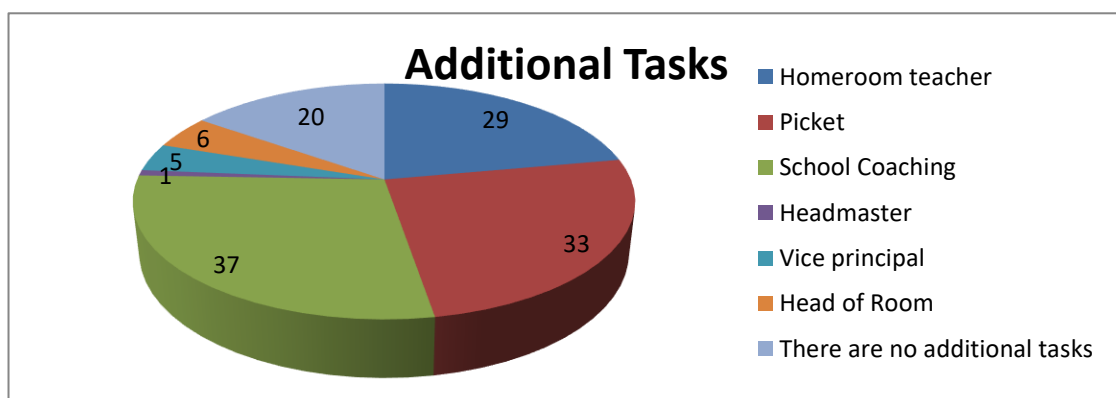
The teacher data in 2015 above graph shows that the teacher in madrasah aliyah negri 1 Bandar Lampung has 41 teachers who are in IV / a, 2 teachers in IV / b, 3 teachers in III / a, 7 teachers in III / b, 6 teachers who were in III / c category, teachers increased by 2 people from 7 people to 9 teachers who were III / d and 21 teachers who had honorary classes reduced by 2 teachers to 19 honorary teachers seen from the above groups who had different salaries definitely and different compensation too



The graph above shows that teachers who have served the school can approach civil servants at MAN 1 Bandar Lampung schools in the amount of only 2 teachers, in this case making honorary teachers will continue to work better in order to get promotion of class status and become civil servants at MAN 1 Bandar Lampung In the Bandar Lampung 1 MAN 1 school, every four years, it is necessary to promote promotion to raise the class, but some teachers have 4 years but can not raise their rank or class because they are seen also by the teacher's functional position and credit figures.

The teacher's functional position is a functional position that has the scope, duties, responsibilities, and authority to conduct activities to educate, teach, guide, direct, train, assess, and evaluate students in early childhood education, formal education, basic education, and secondary education in accordance with the laws and regulations that are occupied by Civil Servants.

The credit number is the unit of value for each activity item and / or the accumulated value of the activity points that must be achieved by a teacher in the context of his rank and position career development.



From the teacher data above also has additional tasks that are different from other fields of study We can see that the diagram has many who have the additional task of being a teacher 1 can have 2 or 3 additional assignments at the school

Of the 88 permanent and honorary teachers above, there were 131 teachers who had additional assignments. In the mandrasah aliyah negri 1, madrasah aliyah negri 1 school in Lampung there were 29 homeroom teachers besides the teacher's class teacher who took 33 picketing hours, 37 tutors, 1 principal, 5 deputy principals each deputy headmaster has their own staff, 6 heads of rooms and the remaining 20 teachers do not have additional duties

**Table 1. Non Financial Man Compensation 1**

	Training	Pre Position	Tour Study	Amenities	Appreciation	Leave
2014	46 Teacher	0	26 Teacher	All Teacher	25 Teacher	All Teacher
2015	52 Teacher	2 Teacher	24 Teacher	All Teacher	24 Teacher	All Teacher

Source: Data from MAN 1 Bandar Lampung

The table above and each year changes in terms of training, pre-office study tour facilities and awards received by the teacher of MAN 1 Bandar Lampung. Tabel

**Tabel 2. Financial and Non Financial Compensation**

FINANSIAL	NON FINANSIAL
Salary	Training
Incentives (4 months)	Pre position
Holiday allowance	Study tour
Health benefits	Facilities of MAN 1 Bandar Lampung
	Award for performance
	Leave

From financial compensation there are salaries, incentives (once every 4 months), holiday allowances, and health benefits. Salary in MAN 1 Bandar Lampung itself went well and the teacher was paid based on their respective categories. Bonuses were also received by MAN 1 Bandar Lampung teachers within a period of 4 months once the teacher bonus was seen from the additional duties that were run like running as a teacher picket, homeroom teacher or coaching in school, while holiday allowance is received 1 year 2 times to get holidays, and health benefits obtained by teachers of MAN 1 Bandar Lampung.

For non-financial compensation such as training, pre-service, study tour, MAN 1 Bandar Lampung Facilities, Award for performance and leave. The training obtained by MAN 1 Bandar Lampung teachers such as apprenticeship programs, training through school partnerships that can be carried out through collaboration with government institutions, pre-positions that raise the class of teachers, study tours in MAN 1 Bandar Lampung is done 1 year only 1 time in December and the teacher may take part in guiding student students on the journey, the MAN 1 Bandar Lampung facility at school is felt by local teachers such as wifi, parks in schools, canteens and many others, awards for the performance of teachers who excel Obtain the ability to develop and improve academic qualifications and competencies, and obtain training and professional development in their fields. And then the leave of all teachers has the right to take leave for their needs. To be able to carry out their duties and functions as well as possible, a good performance

is needed so that the creation of good work results for the school. From the performance results that have made the teacher get compensation from the teaching results. So that with the provision of compensation given to teachers, the resulting performance is also very good for schools.

Giving compensation is one of the main things that must be considered by schools and companies. The enthusiasm of the teacher can also be caused by the size of the compensation received. If the teacher does not get compensation in accordance with the amount of sacrifice at work, then the teacher tends to be lazy to work and not excited that there is finally they work at will without high motivation. With the provision of appropriate compensation and good ways of working So that in the future, the organization's work process can run according to the goals of the organization. Performance is basically what the teacher does so that affects how much they contribute to the organization or company. Teachers' performance that is not good will directly affect the performance of the school so that it disrupts school stability. If the problem is not addressed properly it will cause disruption to the achievement of organizational goals. Therefore, various approaches are needed to overcome this problem.

Aliyah Negeri 1 Bandar Lampung Madrasah gives compensation to each teacher both in any field as a whole but the distribution is seen from the positions held by each teacher. If the position held by a teacher is high then the compensation received is also large they are motivated by this compensation, so they will be more enthusiastic in processing their performance by doing their best so they can work better.

## **LITERATURE REVIEW**

### **Human Resource Management**

Human resource management is a modern view of what traditional views convey as personnel management, however, human resource experts believe that personnel management is a traditional view of human resource management that is much narrower and more oriented. There are two reasons in this case first, human resources influence the efficiency and effectiveness of human resources organizations to design and produce goods and services, supervise quality, market products, allocate financial resources, and determine the entire organization and strategy of the organization, both human resources is the main expenditure of the organization in running a business.

Human resource management (HRM) is related to the formal design system in an organization to determine effectiveness and efficiency to realize the

goals of an organization. That "human resources must be defined not what human resources do. But what human resources produce. According to T. Hani Handoko (1996: 6) management of human resources is a process of planning, organizing, influencing and supervising activities of procurement, development, compensation, integration, maintenance and release of human resources in order to achieve various individual, organizational and community goals According to Edwin B. Flippo (1993: 4) personnel management is planning, organizing, directing and supervising activities in pengadaan pembangunan activities, providing compensation, integrating maintenance and release of human resources in order to achieve organizational and community goals.

According to Byars and Rue (2004: 2) human resource management is an activity design that includes the procurement and coordination of human resources. Meanwhile, according to Jackson and Schuler (2000: 2) human resource management is a talented and highly motivated person available to the organization as potential contributors to creating and realizing organizational goals, missions, and caches. It can be concluded that the management of human resources themselves will be happy which is very important from the task of organizational management. Conversely, if human resources are not managed properly then effectiveness will not be achieved.

This is in accordance with the development and progress currently underway. Environmental factors, rapid technological changes, international competition, and uncertain economic conditions are just a few of the external factors that cause organizations to find new ways to make more effective use of human resources. Internal factors, such as guidance on getting trained employees, compensation costs, conflicts between management unions, legal aspects and internal social cultural aspects are factors that make human resource management increasingly important and complex. So humans are strategic factors in all organizational activities, then HRM means taking care of human resources based on organizational vision so that organizational goals can be achieved optimally, because HRM also becomes part of management science (management Science) which refers to the management function in the process of planning, organizing, staffing, leading and controlling

### **Human Resource Management Function**

The function of human resource management shows the duties and obligations carried out by large and small organizations in the framework of procuring and coordinating human resources. The human resource management function includes a variety of activities that significantly influence all parts of the organization The functions and activities of human resource management activities raised

by the society for human resource management (SHRM), as quoted in Brars and Rue (2004: 3)

**Table 3. Functions and activities of human resource management activities**

FUNCTION	ACTIVITY
Human resource planning, recruitment and selection.	a) Carry out job analysis to determine the specific job jobs needed in the organization b) Predict the human resources needed by the organization to achieve its goals c) Shoot and implement plans to meet these human resource needs d) Recruitment of human resources needed by the organization to achieve its goals e) Selection and placement of human resources to fill certain jobs within the organization
Human Resource Development	a) Employee orientation and training b) Design and implement an organizational developer management program c) Building an effective team in the organizational structure d) Designing an employee performance appraisal system e) Assist employees in career development plans
Compensation and benefits	a) Design and implement a system of compensation and benefits for all employees b) Ensure justice and consistency of compensation and benefits
Karayawan and labor relations	a) Serve as an intermediary between organizations and trade unions b) Designing a disciplinary system and handling complaints
Health and safety	a) Design and implement programs to ensure employee health b) Providing assistance to overcome personal problems of employees that affect the execution of their work
Human resource research	a) Providing human resource information b) Design and implement employee communication systems

### Compensation



According to Siti (2013: 152) Compensation is all extrinsic rewards received by employees in the form of wages or salaries, incentives or bonuses and some benefits. Extrinsic rewards are rewards that are controlled and distributed directly by the organization and are tangible. The principal wages or fees are payments that employees receive on a monthly, weekly or hourly basis as a result of their work. incentive is a reward that is paid to wages or salaries and is usually directly related to work performance. While the benefits that employees receive as a result of their work and position in the organization.

Martoyo (2007: 319) states that compensation is the overall regulator of providing remuneration for employers and employees, both directly in the form of money (financial) and indirectly in the form of money (non-financial). Sastohadiwiryo (2005: 319) states that compensation is the reward of services or remuneration provided by the organization to the workforce, because the workforce has provided energy and thought contributions for the betterment of the organization in order to achieve the stated goals. Wether and Davis (1996: 319) state that compensation is something that employees receive as exchangers for their service contributions to the organization.

Based on some of the above understanding, it can be concluded that compensation If managed properly, compensation helps the organization achieve its goals by obtaining, maintaining and maintaining employees well. On the contrary without adequate compensation, the current employees are very likely to leave the organization will have difficulty recruiting employees who are in line with their needs.

#### Type of Compensation

According to nawawi (2005: 321) there are 3 types of compensation

- 1) Direct compensation  
Awards or rewards called salaries or wages, which are paid regularly based on the appropriate grace period
- 2) Indirect compensation  
Some parts of profits or benefits for workers outside salary or fixed wages can be in the form of money or goods
- 3) Incentives  
Awards or rewards given to motivate workers so that their work productivity is high, not temporary or at any time

Types of compensation according to Simamora (2004: 322) of two types, namely:

#### A. Financial compensation

- 1) Direct compensation
  - a) Base pay, namely salary and wages
  - b) Pay for performance (merit pay)

- c) Payment of incentives (incentive pay), namely bonus commissions, profit sharing, profit sharing and share distribution
  - d) Deferred pay is a savings program and stock purchase annuity
- 2) Indirect compensation
  - a) Protection programs are health insurance, life insurance, retirement, and labor insurance
  - b) Payments outside working hours are holidays, holidays, leave, annual, and maternity leave
  - c) Facilities namely vehicles, office space, parking lots
- B. Non-financial compensation
  - 1) Job
    - Interesting task assignments, challenges, responsibilities, recognition and sense of accomplishment.
  - 2) Work environment
    - Healthy policies, competent supervision, pleasant working relatives and a comfortable work environment

There are 3 types of compensation according to Micheal and Harold (1993: 323) are material compensation, social, and activity. Each is described as follows:

- A. Material compensation
  - The form of material compensation is not only in the form of money such as banus salaries and commissions, but all forms of physical reinforcement such as parking facilities, telephone and comfortable office space along with various forms of benefits such as pension, health insurance.
- B. Social compensation
  - Closely related to the need to interact with others. For example this compensation is for example status, recognition as an expert in the field, awards for promotion achievements, certainty of tenure, recreation, group formation, decision making, and special groups formed to solve organizational problems
- C. Compensation of activity
  - It is compensation that is able to compensate for aspects of work that are not preferred by providing an opportunity to carry out certain activities. The form of activity compensation can be in the form of power possessed by an employee to carry out activities outside his regular work so that there is no work boredom, delegation of authority, responsibility, participation in decision making, and training, personality development. Jenis jenis kompensasi tersebut dapat memotivasi pegawai baik dalam pengawasan, prestasi kerja, maupun komitmen organisasional. Dalam pemberian kompensasi,

tingkat atau besarnya kompensasi harus benar benar diperhatikan karena tingkat kompensasi akan menentukan gaya hidup, harga diri dan nilai organisasi. Kompensasi mempunyai pengaruh yang besar dalam penarikan pegawai, motivasi, produktivitas dan tingkat perputaran pegawai.

### **Function and purpose of compensation**

The function of giving compensation according to Samssudin (2006: 324) is

- A. Efficient allocation of human resources.  
This function shows that compensation for employees who excel will encourage them to work better
- B. Use of HR more efficiently and effectively.  
By giving compensation to employees, it implies that employees will use the staff as efficiently and effectively as possible
- C. Encouraging economic stability and growth  
The compensation system can help the stability of employees and encourage economic growth in the country as a whole.

### **Work management**

The performance in the Indonesian language thesaurus (2008: 7) means performance, achievement and capacity, while according to the scriber-bantam english dictionary as contained in moeheriono (2009: 7), the etimological performance comes from the word "to perform" with several entries, namely :

- A. to do or carry of an execution
- B. to discharge of fulfi; as vow
- C. to execute or complete an understaking
- D. to do what is expected of a person or machine

According to Bacal (2002: 7) suggests that performance management is a continuous communication process, which is carried out based on a partnership between an employee and his direct supervisor. Aguinis (2007: 7) states that performance management is an ongoing process that identifies, measures developing individual and group performance, and aligns it with the organization's strategic goals. Noe et al (2010: 8) defines performance management as a process carried out by managers to ensure that employee activities and employee work are in line with organizational goals. Hannay (2008: 8) suggests that performance management is an important activity which is the responsibility of managers in an organization to train, guide motivating and give appreciation so that employees provide the best performance.

Based on the definition, performance management can be interpreted as a process of a set of processes to capture a common understanding of what must be achieved, and how to manage people in the right way so as to increase the likelihood of achieving goals.

#### **Performance Management Process**

On the basis of understanding and limitations in the previous discussion, performance management includes procedures for regulating what people and elements are included. With such performance management includes

- A. Objectives and strategies
- B. Organizational restrictions
- C. Target setting
- D. Training and giving directions
- E. Evaluation of performance
- F. Skills training
- G. Payroll based on performance
- H. Training and development

In the element of performance management that is needed is not a single process of the element, but the integration of each existing element.

#### **RESEARCH METHOD**

The variables in this study financial compensation, non-financial compensation and performance. These variables were measured using a Likert scale and adapted. Subjects in this study were MAN 1 Bandar Lampung teachers and staff from 2014 to 2015 Data analysis techniques used in this study were techniques correlation, because the purpose of this study is to test the hypothesis in order to meet the answers of data data collected then an analysis process is carried out so that the results of the research are obtained. The research that measures is the variable X financial compensation (X1), non-financial compensation (X2), and Y variable that is performance, the requirements test instrument research tests the validity and reliability..To find out the relationship between two variables is done by using spearman correlation coefficient for measurement non-parametric statistical correlation with the help of SPSS version 17.0 for windows.

#### **FINDINGS AND DISCUSSION**

##### **Multiple Linear Regression Test Results**

Test Results t variable financial compensation (X1) and non-financial compensation (X2) obtained the value of  $t_{count} > t_{table}$  and  $sig < \alpha$ . So it can be interpreted that the variable of financial compensation (X1) and non-financial compensation (X2) itself is influenced by the performance of teachers of Madrasah Aliyah Negeri 1 Bandar Lampung. Correlation coefficient value (R) which shows the level of relationship between variables is 0.409. The R<sup>2</sup>

Determination Coefficient (R Square) is 0.167. Indicates that teacher performance is influenced by financial compensation and non-financial by 16.7% while the remaining 40.9% is influenced by other factors not addressed in this study.

#### **Financial Compensation Affects Teacher Performance**

Based on the results of the calculation in the table coefficients above obtained t value of 0.335. Thus  $t_{count} 0.335 < t_{table} 1.677$  which means that  $H_0$  is rejected and  $H_a$  is accepted or the significance value of  $0.739 > \alpha (0.05)$  means that  $H_0$  is accepted,  $H_a$  is rejected. The results of the acceptance of  $H_0$ 's hypothesis indicate that nonexistent evidence supports the alternative hypothesis, namely  $H_a$ , which states that there is a significant effect of financial compensation on teacher performance. That is, the level of compensation which includes salaries, incentives, holidays, health benefits are indicators in developing teacher performance at Madrasah Aliyah Negeri 1 Bandar Lampung

#### **Non Financial Compensation Affects Teacher Performance**

Based on the results of calculations in the table coefficients above obtained t value of 3.102 thus  $t_{count} 3.102 > t_{table} 1.70$  which means that  $H_0$  is rejected and  $H_a$  is accepted or a significance value of  $0.003 < \alpha (0.05)$  means that  $H_0$  is rejected and  $H_a$  is accepted. The results of the rejection of  $H_0$ 's hypothesis indicate that the available evidence supports an alternative hypothesis, namely  $H_a$ , which states that there is a significant effect of non-financial compensation on teacher performance. That is, the issuance of non-financial compensation provided which includes training, pre-service, study-tour, Facilities MAN 1 Bandar Lampung, Award for performance, Leave important indicators in teacher performance at Madrasah Aliyah Negeri 1 Bandar Lampung

#### **Financial Compensation and Non-Financial Compensation Together Affect Teacher Performance**

Based on the calculation results in the table above, the Fcount value is  $4.712 > F_{table} 3.20$  which means that  $H_0$  is rejected and  $H_a$  is accepted or the significance value is  $0.014 < \alpha (0.05)$  meaning that  $H_0$  is rejected and  $H_a$  is accepted. The results of the rejection of  $H_0$ 's hypothesis indicate that the available evidence supports an alternative hypothesis, namely  $H_a$ , which states that there is a significant effect of financial compensation and non-financial compensation on teacher performance. Financial compensation is related to salary and incentives while non-financial compensation is related to pre-service. Benchmarks in the performance of teachers at Madrasah Aliyah Negeri 1 Bandar Lampung include responsibility, having a purpose, having a work plan, quality, innovating, work achievement, creativity

## CONCLUSION

1. Compensation affects the performance of teachers in Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung. This means that the higher or lower the compensation that is available at State 1 Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung, will affect the performance of the teachers of Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung.
2. Non-Financial Compensation affects the performance of teachers of Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung. This means that the better or worse the facilities, pre-office and others in State 1 Madrasah Aliyah (MAN1) Bandar Lampung, will affect the performance of teachers in Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung.
3. Compensation and Non-Financial Compensation Compensation jointly influence the performance of teachers in Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung. This means that the higher or the lower the compensation, and the better or worse the facilities, will affect the performance of teachers in Madrasah Aliyah Negeri 1 (MAN1) Bandar Lampung.

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