

Impact of Remuneration on the Job Performance of the Non-Teaching Staff: (A Study of Universitas Negeri Gorontalo, Indonesia)

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ABSTRACT: The study explores the impact of remuneration on employees' performance. Correlational research design was adapted to association between remuneration and performance of support staff. Data was obtained from a sample of 254 non-teaching staff that were randomly selected from twenty one units working of the Universitas Negeri Gorontalo. Seventy two non-teaching staff schools were identified using stratified random sampling and purposive sampling methods using the Slovin formula. Data collection instruments such as questionnaires, observation, interview and documentation were administered. Furthermore, the collected data were analyzed using descriptive and inferential analyses. The findings indicate that remuneration contributes to work performance significantly ($p < 0.05$) with the percentage of 9.49%. In conclusion, the better the remuneration is, the better the quality of work performance will be

I. INTRODUCTION

The success of an organization in attaining expected achievements depends on the performance of its human resources [1; 2; 3;]. Therefore, the potential use of skills, abilities, knowledge, and competencies of employees in the organization would help to improve the performance both of organization and the human resources itself [4; 5; 6]. A university is obliged to optimize the performance of its workforces as this is among the prerequisites for actualizing high work productivity [7; 8; 9]. Performance is the output of the teaching staffs' work accomplishment and their behaviors representing their roles in an organization [10; 11;12].

The performance of teaching staffs is central to the efforts of an organization to meet its objectives [13; 14; 15]. Among the attempts of the institution to support its teaching staffs is to take into account the welfare of the staffs themselves by providing adequate remuneration [16; 17; 18]. Good remuneration is expected to motivate and encourage the staffs in enhancing their professionalism; besides, quality earnings can create a situation for which the teaching staffs perform effectively. On the other hand, a payment that does not in accordance with the workload hinders the staffs during their work, resulting in stagnant performance quality [19]. Vroom's theory (as cited in Robbins, 1999:471) proposes that the motivation of the behaviour selection is determined by the desirability of the outcome [20].

Defining the success of work performance requires evaluation or performance assessment based on a specific parameter and indicator which is measured effectively and efficiently; the quality of the parameter is seen from the effectiveness in using time, allocating budget, and utilizing unused materials. Performance assessment of civil servant teaching staffs refers to the Government Regulation Number 46 of 2011 considering Performance Assessment of Civil Servants. This part of the performance management process is started by designing Employee Work Target (henceforth will be referred to as SKP) in order to determine a benchmark of the performance which covers the aspect of quantity, quality, time, and fund of every departmental activity [21]. SKP assessment is implemented by comparing work realization and established targets. Analyzing work obstacles is carried out to obtain feedbacks and make recommendations for improvement, as well as determine the assessment result.

The outcomes of SKP serve as the basis in the amount of remuneration, meaning that the achievement of the teaching staffs, in carrying out their duties and responsibilities, is central to the total payment the employees receive (Rector Decree No. 10/UN47/KU/2015) [22].

II. THEORETICAL FRAMEWORK

Conception of Performance

Etymologically, the word “performance” originates from verb class. Robbins (1996:237) argues that performance is the measurement of result, it ask the simple question; did you get the job done, to reward people and the organization, therefore, requires some agreed upon criterion for defining their performance.

Anderson [23] (2001: 114) shares a similar view on defining the term performance; the term is explained as the record of outcomes produced on a specified job function or activity during a specified time period. Although a person’s job performance depends on some combination of ability, motivation and situational constraints, it can be measured only in term of some outcomes. Furthermore, Uche and Christiana (2011) argue that performance is the output of the educator staffs’ work accomplishment and their behaviours representing their roles in an organization [24]. To conclude, performance is the products or outcomes of functional works or activities carried out in certain duration. Although one’s performance depends on the combination of skills, motivation and situational obstacles, performance can be examined by taking few aspects of the work results into consideration.

Ensuring an objective assessment of work achievement is done by employing a parameter of tangible and measured work outputs; the parameter is the interpretation of organizational visions, missions, and goals. Moreover, the parameter functions to minimize the subjectivity of the assessment.

Even though many factors can be used as performance benchmarks, Wibowo (2016:159) claims that the benchmarks must be relevant, significant, and comprehensive [25]. The category of the measurement correlates with the indicators of the measurement, including 1) productivity, 2) quality, 3) timeliness, 4) cycle time, 5) resources utilization, and 6) cost. In contrast, Miner (as cited in Sandjojo, 2011:13) mentions four dimensions of performance benchmark, namely 1) quality, 2) quantity, 3) use of time at work, 4) cooperation with others at work [26].

III. REMUNERATION

Employees’ remuneration has been stipulated in the Regulation of Ministry of Education and Culture Number 77 of 2014 Concerning the Guidelines of Proposing and Granting of Remuneration for Management Officers, Board of Trustees and Teaching Staffs of state universities and Management of Public Service Agency Financial (henceforth referred to as PTN PK-BLU). The regulation states that remuneration is a total compensation for the previously mentioned positions based on their responsibilities and demands for professionalism. According to the Regulation of Rector of Universitas Negeri Gorontalo Number 06/UN47/KU/2018, remuneration is defined as work benefits in the form of salary, honorarium, fixed allowance, bonus for achievements, severance pay, and pension fund which are accumulated in the salaries and incentives for performance from Non-Tax State Revenue (PNBP) and domestic-source counterpart budget.

Yamoah (2014:28) argues that compensation is all employer-provided tangible and intangible rewards an employee receives as part of the employment relationship [27]. In addition, Milkovich and Newman (2008) view compensation as “all forms of financial returns and tangible services and benefits employees receive as part an employment relationship [28].” Fitria and Kusuma (2014:1694) mention several indicators in such employee payment, such as 1) reasonable, 2) fair, and 3) sufficient [29]. Sartono (as cited in Helmawan, 2017:12) further lists the principles of the remuneration system for civil servant teaching staffs, which are 1) minute system, 2) fair, 3) decent, 4) competitive, and 5) transparent [30].

Accordingly, remuneration is a reward, fixed allowance, incentive, bonus outside the salary provided by the government or institution to educational staffs for their achieved performance based on the SKP which is aimed at ensuring the aspect of feasibility and equity in the payment system.

IV. METHODOLOGY

Employing a quantitative approach, the study relied on survey design to collect data and to further examine the influence of remuneration (variable X) on performance of teaching staffs (variable Y).

The sample involved 254 teaching staffs in UNG; 72 of which were selected as the research sample using Slovin formula. According to the formula, the main principle in determining the size of the sample is that the number should represent the total population. The following table provides the details of the selected individuals.

No.	Work Units	Number of Units	Number of Staff	Sample
1	Office of university	2 Units	99	28
2	Institution/Board	2 Units	20	6
3	Faculty	11 Units	108	31
4	Technical Implementation Unit	6 Units	27	7
Total		21 Units	254	72

Source: Decree of Rector of UNG Number 06/UN47/KU/2018

Framework of the variable relation is presented in figure 1.

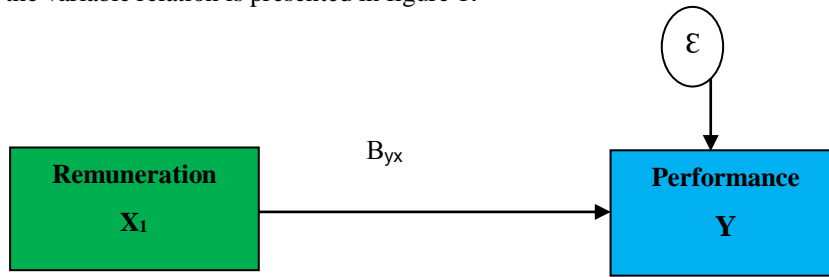


Figure1. The remuneration related independent variable was regressed on the dependent variable performance.

Result

Provided in this section are the results of analysis and findings regarding the direct influence of work performance variable on teaching staffs’ remuneration in UNG. According to the data of the distribution of the frequency of teaching staffs in UNG, the average frequency (\bar{X}_1) gets 86.00, with the median (Me) and modus (Mo) measuring at 86.58 and 88.10 respectively. The result of the norm-referenced assessment of the performance of teaching staffs in the research site tends to be normal. The distribution of the frequency of remuneration also shows that the average frequency (\bar{X}_1) arrives at 81.10, with the median (Me) and modus (Mo) measuring at 80.61. The result of the norm-referenced assessment of the remuneration is similar to the teaching staffs’ performance variable.

Data Prerequisite Test

A parametric analysis was employed to examine the influence of remuneration (variable X) on performance (variable Y); the analysis is considered appropriate to obtain the result of the correlation between the two variables. The simple correlational test has its requirements before proceeding to data analysis; it is intended to provide better estimation results.

1) Normality Test

The normality test of the error estimation results in a regression model of Y against X1: $\hat{Y} = a + bX_1 \implies \hat{Y} = 38.796 + (0.579)(81.218)$. The result of the calculation reveals that the value of L count reaches 0.054. The critical value of L for the Liliefors test at the significance level $\alpha = 0.05$ and $n = 0.05$ gets L table 0.104. Considering that L count 0.054 < L table 0.104, the error of regression of variable X on variable Y is normally distributed. This finding signifies that the requirement of data normality for the simple linear regression of variable Y againsts variable X has been met.

2) Significance Test

The results of the significant regression analysis are given in the following table.

Source of Variance	JK	Df	RJK	F count	F table	
Total	534508.195	72			$\alpha = 0.05$	$\alpha = 0.01$
Coefficient (a)	530000.329	1				
Reg(b)	2787.017	1	2787.017	113.369	3.98	7.01
Residue (S)	1720.850	70	24.584			

The significance test results in a model of Y against X; according to the test, the F count and F table get 113.369 and 3.98 respectively at the significance level $\alpha = 0.05$. In other words, the correlation between the variable X2 and Y is significant as the value of F count = 113.369 > F table = 3.98. This result indicates that the significance test of the influence of variable X on variable Y has met its requirement.

3) Linearity Test

The following table displays the results of the linearity test.

Source of Variance	JK	Df	RJK	F count	F table	
Total	534508.195	72			$\alpha = 0.05$	$\alpha = 0.01$
Lack of Fit	504.21	23	21.92	0.847	1.77	2.25
Error	1216.63	47	25.89			

The linearity test produces a regression model of variable Y against variable X; based on the test, the F count and F table achieve 0.847 and 1.77 consecutively. To put it simply, the H₀ (the hypothesis explaining that the influence of remuneration on performance is linear) is accepted. This result confirms that the requirement of the linearity test of the influence of X variable on Y variable has been satisfied.

4) Hypothesis testing

The result of hypothesis testing finds that $\beta_{y1} = 0.308$. Besides, the simple correlational testing aimed at identifying the direct influence between variable X and teaching staffs' performance variable Y shows that $t \text{ count} = 4.170 > t \text{ table} = 1.671$. This finding signifies that H₀ is refuted and H₁ is accepted; this also confirms that there is a significant and direct influence of remuneration on the performance of teaching staffs.

The research finding explains that the beta coefficient value of the remuneration variable against performance gets $\beta_{y1} = 0.308$, or in other words, an increase in remuneration leads to the improvement of teaching staffs' performance in UNG.

V. DISCUSSION

The result of test prerequisite analysis reveals that the performance of teaching staffs is positively and significantly influenced by remuneration. Regression significance test shows that the F count and F table arrive at 113.369 and 3.98 respectively. In other words, the correlation between the variable X₂ and Y is significant since $F \text{ count} = 113.369 > F \text{ table} = 3.98$. The linearity test points out that the F count and F table gets 0.847 and 1.77 respectively. To put it simply, the H₀ (the hypothesis stating the influence of remuneration on performance is linear) is accepted. The regression equation is $\hat{Y} = 38.796 + (0.579)(81.218)$. Meanwhile, the path coefficient significance test gets $\beta_{yx} = 0.308$ where $t \text{ count} = 4.170 > t \text{ table} = 1.671$ at the significance level $\alpha = 0.05$. Such finding indicates that H₀ is rejected and H₁ is accepted; this also confirms that there is a significant and direct influence of remuneration on the performance of teaching staffs.

The influence of remuneration policy in UNG on teaching staffs' performance has proven that the more the workloads the employees have, the more the payment the employees should receive. This idea resonates to the result seen in Ngabito (2018:110) that the remuneration is significant to the performance of teaching staffs in Public Administration and Civil Service Bureau [31]. A study by Boedianto (2012) has identified similar results regarding the essence of remuneration in improving the educator staffs in Class II A Correctional Institution for Child, Blitar [32]. The significance of remuneration on employees' performance has been identified in a study by Kristina (2015); the research shows that the percentage of the contribution of remuneration on the work of employees in Ministry of the State Secretariat reaches 69.2% [33].

The basic principle of effective remuneration system encompasses the idea of individual equity; this tenet highlights that the payment of an employee should be equal to his or her performance or contribution to the organization. Other principles are internal equity and external equity. Internal equity is defined as the fairness between one employee's pay package and the others within the same organization. External equity compares a payment to those from other, similar organizations.

The above discussion underpins the idea of recognizing the achievement of hard-working employees through remuneration mechanism. Ultimately, the employees consider themselves being appreciated for their maximum performance. With that being said, appropriate remuneration ensures the satisfaction of the employees by which it motivates them to attain the organizational goals.

Remuneration, in addition to providing additional incentives for teaching staffs, is able to enhance the employees' concentration. The provision of such incentives should be based on the responsibility and risks of the position of the educator staffs, meaning that the remuneration is, by nature, a pay grade system. This principle is based on Rector Decision Number 06/UN47/KU/2018 Considering the Performance, Evaluation, and Assessment of Achievement for Education Personnel in the Implementation of Remuneration System in Universitas Negeri Gorontalo, 2018 [22].

VI. CONCLUSION

Examining the implication of remuneration on employees' performance in UNG is the focus of this research. The study finds that the performance has a direct and positive influence on remuneration; this is based on the calculation resulting in $\beta_{y1} = 0.308$, where $t \text{ count} = 4.170 > t \text{ table} = 1.671$. Such finding signifies that H₀ is rejected and H₁ is accepted, and, in other words, high remuneration leads to the improvement of the teaching staffs' performance. Furthermore, the research implications suggested that the provision of remuneration for teaching staffs must be fair and equitable based on the employees' workload. Appropriate remuneration serves as a recognition for the employees' performance. Therefore, the appropriate mechanism of this type of compensation guarantees the satisfaction of the employees by which it motivates them to attain the organizational goals and ultimately promotes the competitiveness of the institution or the university with other universities.

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