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Compensation and HR Benefits as a Form of Work Motivation for Employees in the Education Sector

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Abstract

The purpose of this paper is to present the management of compensation and its benefits for an educational institution in increasing employee motivation. Nowadays, with the increasing level of competition in the quality of education, every institution faces the challenge of keeping up with the challenges of the times. Therefore, an institution or educational institution must be competitive, and one of the tools that institutions can use is compensation. If employees believe that the compensation scheme is fair and competitive, then the institution will find it easier to attract prospective employees, retain them, and motivate them to further improve performance, thereby increasing productivity and enabling an educational institution to produce competitive products or outputs. In the end, an educational institution not only stands out from the competition, but is also able to maintain its prestige, even increase profitability and develop its quality. The results show that compensation as a form of employee work motivation in senior high schools is carried out by analyzing and identifying the purpose of compensation, factors that affect compensation, and the relationship between compensation and employee work motivation.

Keywords Compensation; Motivation; Human Resources; Education

INTRODUCTION

Compensation for every worker is a very interesting topic to discuss. This is because compensation is closely linked to the well-being of workers or employees working in educational institutions.(Abrori & Muali, 2020)When many people discuss compensation, they often equate it with salary or wages. For example, during interviews for new employees, salary is often a common topic.(Mundiri & Bariroh, 2019)Compensation (especially salaries) for education staff is a topic that must be continuously discussed and improved by all parties. This is because salaries paid to education and teaching staff in various schools have often been below standard work rates.(Mundiri, 2017)In many schools, many teachers and staff do not receive adequate salaries. Although Law No. 14 of 2005 states that teachers and lecturers are professionals, and salaries are a right they receive for their work from education providers, this does not automatically mean that teacher salaries will be raised.(Nur & Mannuhung, 2022).

According to Ulfiatin and Triwiyanto (2016), many factors must be examined in determining teacher salaries. In public educational institutions, there is generally no functional relationship between the institution's operational costs and the costs incurred by the community for education. Public educational institutions generally do not directly bear the entire cost of educational operations because the salaries of teaching staff are largely covered by the government, which is funded by taxes paid by the community. Conversely, in non-governmental (private) educational institutions, all educational operations (including salaries) are covered by institutional costs sourced from the community as a funding source.

Education has a moral responsibility to society as the bearer of educational costs through tax payments. The relationship between society and education administrators constitutes an economic transaction in the educational sector. According to Schuler and Jackson (1999), this economic transaction is principally divided into two aspects: management as producers, and society as consumers. Education producers consist of the government, education administrators, educators, and the community as users and partners of education. Meanwhile, education consumers consist of the community, parents, and students. These two parties engage in a reciprocal transaction, though indirectly, they influence each other. Sufficient public taxes to pay decent teacher salaries will result in productive teacher performance, and ultimately, can lead their students to become the graduates society desires.

To manage the above matters, good compensation management is required. Compensation management is related to efforts to formulate and implement compensation strategies and policies. Marwansyah (2012:270) states that compensation management in an institution generally aims to help the organization achieve long-term strategic success. Compensation is a terminology that refers to a broad concept. The concept of compensation relates to all rewards received by workers or employees through their employment relationship with the institution where they work. According to Wukir, compensation is a remuneration or reward given to employees for their work. Compensation must be in accordance with the quantity and quality of work (Wukir, 2013:84). Continued by Widodo who said that compensation is an award or reward received by employees given by the organization based on contributions or better productive performance in an organization (Widodo, 2015:155).

The above statement demonstrates the urgency of compensation for employees or workers who have dedicated their lives to the institution. In other words, compensation is all income in the form of money (financial), goods, or services, whether directly or indirectly, received by employees for their services in carrying out their duties as professionals or workers. This aligns with research findings.(Pioh & Tawas (2016)found that compensation is a form of appreciation given to employees or staff for having lost certain time and opportunities for the tasks they carry out.

Ulfiatin & Triwiyanto (2016) In his book on human resource management in education, he stated that compensation is generally divided into two categories based on its form: financial and non-financial. Furthermore, it is also divided into two categories based on the method of payment: direct financial compensation and indirect financial compensation. Direct financial compensation includes pay received by an employee in the form of salary, wages, and incentives. A salary is awarded to a permanent employee at an institution or company, guaranteed by a fixed periodic payment. Wages or honorariums are awarded to non-permanent employees based on agreed daily work units.

Incentives are additional rewards given to employees whose performance exceeds the standardized standards to motivate them to further increase their productivity. Meanwhile, indirect financial compensation is additional rewards given based on organizational policy to all employees in an effort to improve their well-being. This indirect compensation includes things like health benefits, holiday allowances, and pension savings, as well as rewards in the form of employee satisfaction from the job, a good work environment, and a sense of security provided by the institution, both physically and psychologically. Physical benefits include adequate work facilities and a comfortable work environment. Psychological benefits include clear career paths, job opportunities, and job formation.(Juliningrum & Sudiro, 2014).

According to Schuler and Jackson (1999), Mondy, et al. (1999), Schermerhorn, et al. (1998), Robbins (1996), and Siagian (1995) inFeriyana et al., (2017), states that there are two basic types of rewards received by employees in an institution: intrinsic rewards and extrinsic rewards. First, intrinsic rewards are rewards that are internal to the individual. These rewards generally come from employee involvement in activities related to their work duties. Intrinsic rewards are generally attached or inherent to the work activity itself, and their provision is not dependent on the presence or actions of other people/employees. Examples of intrinsic rewards include feelings of personal competence, feelings of personal achievement/job satisfaction, personal responsibility and authority, feelings of personal growth and development, and formal recognition of employee status. Second, extrinsic rewards are rewards generated externally by employees or individuals working in an institution or organization. Extrinsic rewards are mostly provided directly and are more tangible than intrinsic rewards. Examples of extrinsic rewards include salary, allowances, promotions, incentives, and so on. The provision of extrinsic rewards depends on the perceptions and considerations of individual superiors within an institution and must be addressed by organizational policy, as most extrinsic rewards incur certain costs.(Feriyana et al., 2017)

METHOD

This research uses a qualitative approach with a case study. This research uses a qualitative approach for this type of case study. Thus, this research attempts to investigate phenomena in a real-life context by utilizing several sources that exist in human life.(Yin, 2018)One of the unique features of qualitative research is that researchers act as both the primary instrument and data collector. The data in this study consisted of words, behaviors, documents, and other information about the ingenuity and suffering of managing behavior through a digital classroom-based collaborative instructional model. In conducting data analysis, the researchers employed Miles and Huberman's data analysis techniques, which include data reduction, data display, and verification. To verify the validity of the data, the researchers employed techniques such as extended participation, persistent observation, and triangulation.(Sugiono, 2013).

RESULTS AND DISCUSSION

The discourse on the indigenization of education has led to the emergence of various views regarding implementation strategies. The theoretical basis of indigenization can be classified into four levels: meta-theoretical, theoretical, empirical, and applied. This research focuses on indigenization as an application manifested in and collaboration between components in implementing various dimensions of local culture within a community. Thus, this research is a modification of a concept developed from a Western perspective and context to better suit and meet local needs. This view emphasizes that indigenization is an initiative carried out critically and creatively to address gaps in the application of knowledge and problem-solving from external sources, thus having a more contextual impact.(Musanna, 2017).

Analysis and Identification of Compensation Objectives

According to Schuler and Jackson (1999) inKasmawati (2017) Compensation can be used to (a) attract potential or qualified people to join the company. In relation to recruitment efforts, a good compensation program can help to get potential or qualified people according to what the company needs. This is because people with good qualities will feel challenged to do a certain job, with compensation that is considered appropriate and good enough. (b) retain good employees. If the compensation program is perceived as fair internally and competitive externally, then good employees (who the company wants to retain) will be satisfied.(Kasmawati, 2017)

On the other hand, if compensation is perceived as unfair, it will lead to disappointment, and good employees will leave the company. Therefore, in order to retain good employees, compensation programs are designed in such a way that potential employees will feel appreciated and willing to stay with the company. (c) Achieving a competitive advantage. A good compensation program will make it easier for companies or institutions to determine whether the amount of compensation still represents a significant cost for running the business and achieving a competitive advantage. If it is no longer significant, the company may switch to using a computer system and reduce the number of its workforce or move to an area with cheaper labor. (d) Motivating employees to increase productivity or achieve high levels of performance. With a compensation program that is perceived as fair, employees will feel satisfied and, as a result, will be motivated to improve their performance. (e) Making payments in accordance with legal regulations(Rahayu & Soerjoatmodjo, 2019).

In this case, the compensation given to employees is adjusted to applicable legal regulations. For example, according to government regulations, the current minimum wage benchmark is the UMR (regional minimum wage), so the company must provide compensation to its employees at least that UMR. (f) Facilitating strategic goals. A company may want to be an attractive place to work, so that it can attract the best applicants. Compensation can be used by the company to achieve this goal and can also be used to achieve other strategic goals, such as rapid growth, survival, and innovation. (g) Strengthening and determining structure. The compensation system can help determine the organizational structure, so that based on their status hierarchy, people in certain positions can influence people in other positions.(Muljani, 2002).

The objectives of compensation are interrelated. If compensation is able to attract potential people to join the company and make good employees stay in the company, and is able to motivate employees to improve their performance, it means that productivity will also increase and the company can produce products at competitive prices, so that the company is more likely to be able to achieve its strategic goals, namely maintaining survival and developing the business. If compensation calculations are based on positions or skills relevant to the position, the company will also have a greater possibility of attracting, motivating and retaining potential and high-performing employees. On the one hand, the company's needs to maintain survival and develop its business will be met, on the other hand, employees can also enjoy the results in the form of compensation provided by the company with a sense of satisfaction. Thus, compensation can be seen as a tool for managing human resources effectively according to the needs of the company and the needs of the employees themselves.(Rahayu & Soerjoatmodjo, 2019: 21).

Factors Affecting Compensation

Factors influencing compensation include internal and external organizational factors. In companies, these internal factors stem from the organization's profits, while in educational organizations, these internal factors come from operational funds, either from the government or from students or their parents.(Irawati, 2018). Thus, the policy for determining compensation is influenced by the size of the organization. Larger organizations and stronger management will provide greater, more structured, and more competitive salary guarantees commensurate with employee capabilities.(Abrori & Muali, 2020 : 9). Likewise, personal factors of employees, such as work productivity, position and title, education and experience, type and nature of work, will determine the salary offered.(Mundiri, 2017).

Meanwhile, external organizational factors that influence salaries include job supply and demand. According to the laws of free market economics, conditions where labor supply exceeds demand will result in low compensation. Vice versa. The amount of compensation offered by an organization is an attraction for prospective employees to join that organization. Another factor is the cost of living. The amount of compensation, especially salary, must be adjusted to the cost of living, which is the minimum cost of living in a given area.(Feriyana et al., 2017).Other external factors are government policies and national economic conditions.(Abrori College of Sharia & Darul Falah Bondowoso, 2023)As a policymaker, the government strives to protect its citizens from abuse. In this regard, the government sets minimum wages, working hours, equality between men and women, working age limits, and so on. The same applies to the national economy. The more advanced a country's economy, the greater the appreciation of its human resources.(Baharun & Awwaliyah, 2018).

The relationship between compensation and employee work motivation

When discussing compensation policies, they generally focus solely on the amount paid to employees. If the compensation is adequate, it is considered appropriate and good. The problem is not that simple, as what is adequate from the institution's perspective may not necessarily be perceived as sufficient by the employee. According to Nitisemito,(Susilo, 2012)Compensation has a significant impact on employees. High morale, unrest, and employee loyalty are greatly influenced by the amount of compensation. In general, the frequent strikes in our country are largely due to wage issues.(Erliyana & Azizah, 2020).

While skill-based compensation can actually improve employee performance under certain circumstances, it can also lead to frustration. For employees with reliable skills, skill-based compensation can improve performance. Conversely, for employees without skills and the ability to improve, this compensation system can lead to frustration.(Saraswati & Prihatsanti, 2017). Associated with expectancy theory, providing compensation based on expertise will motivate employees, because expectancy theory states that an employee will be motivated to exert more effort if the employee feels confident that his efforts will result in a good performance appraisal. A good appraisal will be realized with awards from the company such as bonuses, salary increases or promotions, and these awards can satisfy employees.(Nasution & Maqhfirah, 2017).

So in the theory of expectancy there are three relationships, namely the relationship between effort and achievement, the relationship between achievement and company rewards and the relationship between company rewards and employee goals. If the rewards given by the company are in accordance with expectations and can satisfy their needs, then the employee will be motivated to further improve their efforts/performance, on the other hand, if the efforts made do not receive rewards according to employee expectations, then the employee concerned will feel frustrated, so they are not motivated to improve their performance.(Erliyana & Azizah, 2020).

According to Robbins inSubyantoro (2009),Skill-based compensation is in line with Alderfer's ERG (Existence, Relatedness, and Growth) theory, as this payment system can encourage employees to learn, improve their skills, and maintain them. This means that for employees who want to better fulfill their needs, providing skill-based compensation will encourage them to further improve their skills in order to obtain higher compensation, thereby fulfilling their needs. Linked to the need for achievement theory, providing skill-based compensation is also appropriate, as this compensation system can encourage employees to work more efficiently, be willing to learn new skills or strive to improve their skills, so they are ready to face new challenges. This is quite clear, because learning new skills is a challenge in itself for someone who wants to advance. If this challenge can be overcome, then a sense of pride will arise for the employee concerned, pride not only because of increased achievement, but also because the rewards received are also increased and satisfying for him.(Subyantoro, 2009: 160)

In relation to reinforcement theory, skill-based compensation encourages employees to continuously learn, develop their skills, and collaborate with other members of the company. The more developed their skills, the greater the compensation they will receive. A skill-based compensation system also aligns with equity theory, which compares performance with the compensation or rewards provided by the company. If employee performance is commensurate with the rewards provided by the company, employee motivation to improve their performance can be optimized. In other words, if compensation is fair and aligns with employee expectations, employees will feel satisfied and motivated to continue improving their performance.(Makaluas et al., 2017).

In reality, most companies here still undervalue individual skills and abilities, often based on seniority rather than on an employee's ability to develop their skills. This can lead to employee apathy and lack of motivation to improve their performance, as increased skills aren't matched by increased compensation. Instead, compensation will naturally increase without the need for increased skills. Only time can increase compensation, so when compensation is increased, employees are only motivated temporarily, after which their performance will return to normal. This is one reason why companies struggle to increase productivity and product quality, making it difficult to produce quality products at competitive prices.(Indarjanti & Bodroastuti, 2012).

To motivate employees to improve their performance, companies should use expertise as the basis for calculating compensation. Employees should also be explained that compensation is calculated based on their expertise and ability to develop those skills to support the completion of assigned tasks. As exemplified above, if an administrative employee is able to type using a manual or electric typewriter with satisfactory results, they should be paid more than someone who only uses a manual typewriter. Similarly, those who are skilled at operating a computer should be valued more highly than others.(Madjid, 2016).

CONCLUSION

Based on the results and discussion, it can be concluded that Compensation and its Benefits for Human Resources as a Form of Employee Work Motivation in the Education Sector in high schools are carried out through; a) Analysis and identification of compensation objectives, the analysis process is the first step in the importance of providing compensation to employees, in order to motivate employees to increase productivity or achieve high levels of performance.; b) Factors that influence compensation are influenced by the size of the organization. The larger the organization and the stronger its management will provide a guarantee of salary according to its greater, structured, and competitive capabilities; c) The relationship between compensation and employee work motivation. For employees who do have reliable expertise, providing compensation based on expertise will be able to improve performance, conversely for employees who do not have expertise and do not have the ability to improve their expertise, this compensation system can result in frustration. Therefore, adjusting compensation to the expertise of employees or staff is very important, because it is a form of giving appreciation for what they have done.

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