THE EFFECT OF 3P COMPENSATION (PAY FOR POSITION, PAY FOR PERFORMANCE, AND PAY FOR COMPETENCE) ON PRODUCTIVITY AT PT POS INDONESIA

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ABSTRACT

Competition in the business world today is increasingly competitive; therefore, every company must manage and manage all its human resources effectively and efficiently to survive and develop. Through the suitable scheme, it was expected to increase the productivity of employees' performance effectively and efficiently so that they can achieve the goals set by the company. This study aims to determine the effect of 3P on work productivity and determine the dominant compensation that affects the productivity of PT Pos Indonesia. This research uses a descriptive quantitative study method. Samples were taken as many as 50 respondents using probability sampling technique through a simple random sampling approach with the sampling criteria were employees of PT Pos Indonesia. The method uses multiple regression analysis, and the results of the study are that the 3P concept affects employee work productivity, which means that the independent variables, namely pay for position, pay for performance, and pay for competence, have a significant effect on the dependent variable of PT Pos Indonesia employee work productivity. The variable with the most dominant influence is the Pay for Performance variable because it has the most significant influence, namely 34.4%, on the work productivity of PT Pos Indonesia employees.

Keywords: pay for position, pay for performance, pay for competence, work productivity

I. INTRODUCTION

Compensation is important for employees as individuals because the amount of compensation reflects the size of the value of their work among the employees themselves, their families, and society. Compensation is a form of payment in the form of benefits and incentives to motivate employees to increase work productivity (Yani, 2012:139). Establishing an effective compensation system is an important part of human resource management as it helps attract and retain talented workers. The sense of satisfaction of employees in a company or organization is the main wealth for every company. They become planners, implementers and controllers who always play an active role in realizing their goals. Employees become actors who support the achievement of goals, have thoughts, feelings, and desires that can influence their attitudes towards their work. Hasibuan (2014: 202). This diversity of behavior will affect the course of activities in a company that impact the results to be achieved by the company. A company with advanced technology without being supported by capable employees is likely not to achieve its goals. Employee satisfaction or dissatisfaction depends on the difference between what is expected. If what the employee gets is lower than expected, it will cause the employee to be dissatisfied.

Employees work productively or not depending on several variables: employee motivation, compensation received, and a supportive work environment (Handoko, 2011; Auriacombe & Sithomola, 2020; Hotar, 2020; nce & Apinar, 2020; ). Understanding the variables that affect job satisfaction is very important. The company's management function is to know how employees always perform well and get job satisfaction which can ultimately achieve the company's goals. PT. Pos Indonesia needs to increase the productivity of their employees through a motivational process that is realized by providing compensation to their employees, which in the end, it is hoped that the accumulated increase in employee productivity can also improve the company's overall performance.
The types of compensation provided by PT. Pos Indonesia to its employees is divided into two, namely financial compensation and non-financial compensation, which the authors adopted as independent variables in this study to measure the dependent variable in this study: employee productivity. Financial compensation is reduced to Pay For Position, Pay For Performance, Pay For Competence. The employee and his family will use this compensation to meet their needs. The amount of compensation reflects the status, recognition, and level of fulfillment of requirements enjoyed by employees and their families. If the remuneration received by the employee is greater, it means that his position is higher, his status is better, and the fulfillment of needs he enjoys is increasing.

When the company's motivation process is carried out to employees in the form of compensation runs smoothly. Following the plan, the next step that is expected to occur is an increase in employee productivity. When employee productivity has been achieved, the company can measure the extent to which performance improvements have been completed. The basic flow of research that will be developed by the author, where the author suspects that there is an influence between employee work compensation in the form of compensation for increasing productivity.

From the description above, we can see that work productivity is a problem that must get serious attention from the company because the increase in work productivity will not happen by itself. Still, there must be effort and participation from both the company and the employees themselves. One way to increase employee productivity is by establishing a fair and appropriate compensation method for these employees for their work performance. Thus, the provision of compensation within the company must be regulated properly so that both parties can accept it. So in developing and implementing a certain compensation system, the interests of the organization and the interests of its employees must be taken into account. The organization enables to achieve the desired level of productivity and other organizational interests.

Based on this, the formulation of the problem in this study is: How the influence of Pay for Position, Pay for Performance, Pay for Competence on productivity at PT Pos Indonesia; and what is the most dominant compensation that affects the productivity of PT Pos Indonesia.

II. LITERATURE REVIEW

Compensation pay for position
Schuller and Jackson (2009) define Pay for position is the level of payment that is adjusted to the level of position of each individual/employee. Similarly, a compensation system that automatically determines the level of wages evaluated from each job is implemented into hourly, daily, weekly or monthly wage rates (Snell and Bohlander, 2013). According to Schuler and Denis (2009), the job evaluation method emphasizes three main factors that can be compensated, namely:

1. Problem solving, namely a number of original and self-derived thoughts needed by the position to carry out analysis, evaluation, creation, reasoning, to conclusions.
2. Skills (know-how), leading to the total amount of knowledge and skills, but acquired as a condition for satisfying job performance.
3. Accountability, meaning the influence of the measured position on the company's objectives.

This job evaluation method is only for internal companies, not for calculating wage rates in the market or other companies. In addition, this job evaluation only focuses on the value of the duties of each position, not on the person who carries it out.

Compensation pay for competence
According to Garry Dessler (2009:70) "Competency-based remuneration is a company that bases employee salaries on the range, depth, and type of expertise and knowledge they have rather than based on the type of work performed. Randall S Schuler and Susan E Jackson in (Jurnal Luqman Hadi 2018:8) the principle of giving salaries based on competence, namely knowledge, experience, skills.
1 Knowledge is information that has been combined with understanding and potential for action, which is then embedded in one's mind.

2 Experience is an event that has been experienced (lived, felt, borne) by someone.

3 Skills, namely the ability to use reason, thoughts, ideas, creativity in doing, changing, or making something more meaningful so as to produce a value from the work.

Compensation pay for performance

The company provides payment in increased service fees based on performance achievements (Snell and Bohlander, 2013). So that the amount of payments given to workers who have good performance or performance is allocated through an incentive scheme that has been allocated for performance (Ulrich, 2009, 2017). The cost of the product is the first part determined as Pay for Performance (George T, 2006). Because this kind of payment does not increase fixed costs in the following year, the company rewards the performance of its employees by making payments (Storey, 2007). By changing the salary-based performance payment system (Salary Base) to incentive-based (Incentive-Base), companies will continue to increase their capacity to pay incentives (Su, 2012).

Work productivity

Paul Mali (Sedarmayanti, 2001:57) states that productivity is how to produce or increase goods and services as high as possible by utilizing resources efficiently. Therefore, productivity is often defined as the ratio between output and input in a certain time unit. According to the British Encyclopedia (Sedarmayanti, 2001:56), Productivity means the ratio of the results achieved to the sacrifices incurred to produce something. Sinungan (2003:16) categorizes the notion of productivity into three, namely as follows:

1 The traditional formula for overall productivity is nothing but the ratio of what is produced (output) to the total production equipment used (input).

2 Productivity is a mental attitude that always has the view that the quality of life today is better than yesterday, and tomorrow is better than today.

3 Productivity is a harmoniously integrated interaction of three essential factors: investment including the use of knowledge and technology and research, management, and human resources.

Meanwhile, J. Ravianto (1998:12) suggests that productivity is a measure of efficiency with which capital, materials, equipment or technology, human resource management, information, and time are used to produce goods and services. So he concludes that in a production process, productivity can be said to increase if:

1 Using fewer resources, the same amount of production is obtained.

2 By using fewer resources, more production is obtained.

3 By using the same resources, more production is obtained.

Based on some of these opinions, it can be concluded that, in general, productivity is a comparison between the output (output) achieved with the input (input) required to produce the output.

III. RESEARCH METHOD

This study uses descriptive and verification methods, so the method used in this study is an explanatory survey. According to Ker Linger (Sugiyono, 2002: 7), the survey method is a research method carried out on large and small populations, but the data studied are data from samples taken from that population, so that relative events, distributions, and relationships are found sociological and psychological variables. The population in this study was 50 respondents. The sample used in the study was to use a saturated sample so that the number of samples was the same as the total population of 50 employees of PT Pos Indonesia. The analytical method used in this study uses multiple linear regression analysis. This study operates several statistical tools and techniques, namely the Statistical Package for Social Science (SPSS) version 22.0. The following are statistical tools and techniques, including validity and reliability tests, classical assumptions test and regression model testing (F test), and t-test.
IV. RESULTS AND DISCUSSION

Based on the validity test results, it shows that the correlation value of each question item regarding compensation with a total score obtained is greater than 0.230, so it can be concluded that the question items used are valid and can be used in further research data analysis. While the reliability of a variable construct is good if it has a Cronbach's Alpha value > 0.60 (Sarjono & Julianita, 2011:45). Based on the reliability tests carried out on all items in this study, it shows that all of the items in this research can be said to be reliable because the reliability coefficient value of Cronbach's Alpha > 0.60 is 0.871 0.743. It can be concluded that the construct of the statement, which is the compensation dimension, is Reliable.

Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine whether there was a correlation between the dependent and independent variables. Multiple linear regression analysis was used to prove the relationship between 3P compensation (Pay for Position, Pay for Performance, Pay for Competence) on the productivity of PT Pos Indonesia employees. Seeing the effect of each independent variable on the dependent variable can be seen through the following equation:

\[ Y = 1X_1 + 2X_2 + 3X_3 + e \]

\[ Y = 0.322X_1 + 0.344X_2 + 0.288X_3 + e \]

Description:

- \( X_1 \) = Pay for Position Variable
- \( X_2 \) = Pay for Performance Variable
- \( X_3 \) = Pay for Competence Variable
- \( Y \) = Employee Work Productivity
- \( e \) = Error rate

Based on the results of the multiple linear regression test, the Adjusted R Square value of 76.1%, which means that simultaneously the pay for position, pay for performance, and pay for competence variables affect employee work productivity by 76.1% and the rest 23.9% influenced by other variables not used in the study.

Model Test (F test)

From the test results, the significance value of F is 0.000 <0.05, which means that the independent variables, namely pay for position, pay for performance, and pay for competence, simultaneously have a significant effect on the dependent variable of PT Pos Indonesia employee work productivity. Thus, the first hypothesis is accepted, namely the pay for position, pay for performance, and pay for competence variables have a simultaneous effect on the work productivity of PT Pos Indonesia employees.

Hypothesis Test (t-test)

The results of the t-test to determine the partial effect of each independent variable successively are described as follows:

1. **Pay for Position (X1)**

   Based on the results of multiple linear regression analysis, it can be concluded that pay for position affects 32.2% on employee work productivity. and the test results also show that the significance level of t obtained for the pay for position variable is 0.023 < 0.05. This means that the pay for position variable has a significant effect on the work productivity of PT Pos Indonesia employees.

2. **Pay for Performance (X2)**
Based on the results of multiple linear regression analysis, it can be concluded that performance pay has an effect of 34.4% on employee work productivity. The test results also show that the significance level of t obtained for the pay for performance variable is 0.028 < 0.05 This means that the pay for performance variable has a significant effect on the work productivity of PT Pos Indonesia employees.

3. Pay for Competence (X3)

Based on the results of multiple linear regression analysis, it can be concluded that pay for competence influences 28.8% on employee work productivity. The test results also show that the significance level of t obtained for the pay for competence variable is 0.010 < 0.05, this means that the pay for competence variable has a significant effect on the work productivity of PT Pos Indonesia employees.

Effect of pay for position on productivity

Based on the results of the discussion that pay for position affects employee productivity, this is following research conducted by Lukman (2018) and by the theory according to Randall S. Schuler and Susan E Jackson, that the rationale for paying higher is to maximize the company's ability to attract and retain qualified employees and to minimize employee dissatisfaction with compensation. The policy to pay lower than the market will result in the company being hindered in attracting potential employees. In contrast, the company's usual policy is to balance competition or adjust to other companies. However, this policy does not provide a competitive advantage but does not cause the company to lose. After the company completes the payment structure for each position, the next step is to provide each individual with a level of payment appropriate for their position. In order to achieve individual justice, the company must develop payment rate criteria. Individual justice refers to fairness in payment decisions for employees who occupy the same position. So it is clear that PT Pos Indonesia has a compensation structure that carries out a general position consisting of financial and non-financial compensation.

Effect of pay for performance on productivity

Based on the results of the discussion concluded that there is an effect of pay for performance on productivity, this is supported by theory (Snell and Bohlander, 2013). The company provides payment in the form of increased service fees based on performance achievements so that the amount of payments given to workers who have good performance or performance is allocated through an incentive scheme that has been allocated for performance (Ulrich, 2009, 2017). So that it can be proven that the provision of incentives or forms of appreciation to PT POS Indonesia employees will increase their work productivity and directly produce the performance that the company expects.

The effect of pay for competence on productivity

Based on the results of the discussion concluded that there is an effect of pay for competition on productivity, this is in line with research conducted by Lukman (2018) and supported by the theory of Randall S Schuler and Susan E Jackson that in a skill-based compensation payment system, the level of initial compensation payments for all employees are the same. If there is an increase in skills, each new skill they have is valued at one level. So compensation will only increase after the employee shows his ability to do a certain job.

V. CONCLUSIONS AND SUGGESTIONS

Based on the results and discussion, it can be concluded:

1. Pay for Position, Pay for Performance, and Pay for Competence have a simultaneous and partial effect on productivity at PT Pos Indonesia.

2. The most dominant compensation that affects the productivity of PT Pos Indonesia is pay for performance, which has a greater influence than pay for position and pay for competence compensation.

The suggestions that the author can convey are:

1. The provision of compensation that covers the entire concept of pay for the performance is good, but it would be better to improve it, especially in the PT Pos Indonesia work environment to feel comfortable at work.
2 Conduct developments in order to improve employee competence through education and training programs.

REFERENCES