

## COMPENSATION MANAGEMENT OF EDUCATION

**Muhammad Iswan**

Departement of Education and culture of KutaiKartanegara

[muhammadiiswan@gmail.com](mailto:muhammadiiswan@gmail.com)

### Abstract

*The objectives of this research are to describe the compensation management in District Government of KutaiKartanegara that consists of planning compensation management, organizing compensation management, actuating compensation management, and controlling compensation management. The findings indicate that (1) Compensation management plan formulates the objectives and requirements that is to arrange employees, motivate improve performance, improve prosperity and spur and improve productivity and quality in providing services to the community and improve the orderly administration of local finance. (2) In Organizing, Procedure for the payment of additional income shall be made monthly, the procedure and the payment mechanism according to the prevailing laws and regulations. (3) Implementation of compensation management are the ongoing compensation process and compensation practice is provided. Requirements to be fulfilled by the employee in compensation (4) Control and evaluation shall be performed by each Regional Device Work Unit (SKPD) for employees through performance and attendance performance to identify the beneficiary in accordance with the data provided by each Regional Device Work Unit (SKPD)*

**Keywords:** *Compensation, Management, Organization, Controlling.*

The vision of Kutai Kartanegara district government for 2010-2015 period is "Toward the realization of a prosperous and just society of Kutai Kartanegara" and the mission of the Prosperous People's Development Movement (Gerbangraja), namely: 1) Improvement of Government administration with emphasis on motivation and oversight of Good Governance implementation. 2) Improving the quality and competitiveness to the superior human resources of faith and piety to God Almighty. 3) Growing the economic and business development center of the people while maintaining the investment climate within the framework of job creation. 4) Increase the sources of income and develop the potential and competitiveness of agribusiness, Industry and Tourism. 5) Increasing the equity of development infrastructure to reach public service facilities both in quality and quantity. 6) Establish the implementation of environmentally sound development and conservation of natural resources. 7) Increasing the role and participation of women in various aspects of life, the Government of Kutai Kartanegara has a commitment to make people prosperous.

In line with the vision and mission mentioned above, the KutaiKartanegara district government has a superior program called "Raja Gerbang" (Prosperous People's Development Movement), prosperity shows the prosperity of the people of KutaiKartanegara Regency, which is the society that fulfills the economic (material) and social needs (spiritual) justly and equitably. The concept of welfare in the King Gate program applies a general policy of achieving equilibrium. That is to say, it does not stop large things from developing, and gives more impetus to small ones in order to grow.

Davis in Kadarisman (2014) points out "Compensation is what employee receive in exchange of their work. Whether hourly wages or periodic salaries, the personnel department designers and administrators employee compensation ". Armstrong in Patnaik (2012. 40) states: *Compensation management is an integral part of human resources management approach to productivity improvement*

*in the organization. It deals with the design, implementation and maintenance of compensation sistem that are geared to the improvement of organizational.team and individual performance.*

Hewitt (2009. 20-31) put forward the notion of compensation management, *Compensation management as the name suggests, implies having a compensation structure in which the employees who perform better are paid more than the average performing employees. This encourages top-performers to work harder and helps to build a competitive atmosphere in the organization*

Armstrong and Brown in Pearce (2010. 3-28) postulate:*Compensation management is an integral part of HRM approach to managing people and as such it supports the achievement of business objectives and it is strategic in the sense that it addresses longer term issues relating to how people should be valued for what they want to achieve; It is therefore integrated with other HRM functions.especially those concerned with human resources development.*

Anyebe in Luminita (2001. 439-441) puts forward the notion of compensation management as follows:*Compensation management as being based on a well articulated philosophy- a set of beliefs and guiding principles that are consistent with the values of the organization which recognizes the fact that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to the skills and competencies of employees in order to increase the resource-based capability of the organization.*

Dyer (1985. 1-3):*The notion that compensation policies are strategic, thereby affecting the missions of the organization.has considerable currency. This is part of the current popularity of all things strategic. While some may write it off as another fad, a less cynical view is that a strategic perspective on compensation is part of a growing recognition that macro-organizational issues are an important part of the study of human resource management.*

Mintzberg in Scroggins and Morris (2008. 99-109) argues as follows:*A strategy may be intended and formally articulated in some plan or document. or it may emerge through the patterns of decisions shown by the organization's behaviors. Thus. strategies are both plans for the future and patterns from the past. Strategy applied to compensation management is particularly will defined. Analogous to the more general definition just discussed, the term connotes compensation decisions responsive to environmental opportunities and threats. and linked to or supportive of the overall long term directions and purposes of the organization.*

Davis and Werther in Marwansyah (2010. 269) grouped compensation into two general forms: First, direct compensation consisting of 1) salary and basic wage. 2) Incentives and profit sharing. Second, indirect compensation in the form of welfare and service programs. Indirect compensation can be grouped into two types: 1) provided voluntarily by employers and 2) required by law / regulation.

Furthermore, Noe and Wright (2012. 509) divide compensation into 1) financial compensation and 2) non-financial compensation. Financial compensation consists of direct financial compensation and indirect financial compensation. Direct financial compensation consists of payments received by a person in the form of wages. salary. bonuses and commissions. Indirect financial compensation or benefits (maslahat) covers all forms of financial rewards that are not included in direct financial compensation groups. such as allowances. insurance. employee social assistance. etc

From some sense of compensation management above the authors conclude that compensation management is an integral approach of human resources to manage people who support work performance individually or in groups and with respect to how employees should be rewarded applied in planning, implementation and maintenance to improve employee productivity to achieve the organization's mission.

According to Veithzal Rivai (2004. 359) the objectives of effective compensation management, include: 1) Obtaining qualified human resources. High enough compensation is needed to appeal to

applicants. The level of payments should be responsive to labor market supply and demand as entrepreneurs compete for the expected employee. 2) Maintaining existing employees. Employees can leave if the amount of compensation is not competitive and consequently will lead to an increasingly high turnover of employees. 3) Ensure justice. Compensation management always strives for internal and external justice to materialize. Internal justice requires that payments be attributed to the relative value of a job so that the same job is paid on the same scale. External justice means payments to workers are comparable to other companies in the labor market. 4) Appreciation of desired behavior. Payments should reinforce desired behavior and act as an incentive for future behavioral improvement. effective compensation plan. appreciate performance. obedience. experience. responsible. and other behaviors. 5) Controlling costs. A rational compensation system helps companies acquire and retain employees at reasonable cost. Without effective compensation management. workers may be paid under or above the standards. 6) Following the rule of law. Healthy pay and pay systems consider legal factors issued by the government and ensure employee compliance. 7) Facilitate understanding. The compensation management system should be easily understood by HR specialists. operations manager. and employees. 8) Improve administrative efficiency. Wage and payroll programs should be designed to be efficiently managed, making the HR information system optimal, although this objective should be a secondary consideration compared to other objectives.

Gaol (2014,310) reveals that the management of compensation is a very important activity. Noe, Hollenbeck, Gerhart, and Wright (2010. 482) state that from the point of view of the leader of the "pay is a powerful tool for furthering the organization's strategic goals" a powerful tool to advance the organization's strategic goals (translated). They further state that: First. salaries have a major impact on attitudes and behaviors of employees or employees. This affects the types of employees or employees interested in the organization can be a powerful tool for aligning employees' interests with people from larger organizations. Second. Employee compensation usually results in increased organizational costs and thus requires close supervision.

While Dessler (2000. 184) suggests steps in setting wage rates or compensation as follows: 1) conducting salary surveys. 2) Determining the value of office through the evaluation of position. 3) classify the position in the wage level 4) Set the price of each wage level through the wage curve. 5) Refine the wage rate.

In Kutai Kartai Regent's Regulation of intent and purpose. receiver. criteria. procedures. and the financing of additional income to Civil Servants and Civil Service Candidates of Kutai Kartanegara Regency reads that the Regional Government provides additional income with a view to improving the welfare of Civil Servants and Civil Service Candidates of Kutai Kartanegara Regency and aims to boost and increase productivity in providing public services.

Additional income is given 100% to Civil Servants and 80% to the Candidate of Civil Servants of Kutai Kartanegara Regency. The additional income is given by criterion 1) based on the workplace. This criterion implies that additional income is given by considering the need for decent living. an area. mileage. and accessibility difficulties in each sub-district. 2) based on the scarcity of the profession. In this case additional income is given by taking into account the special expertise possessed which is proved by the possession of a certificate of expertise over the profession concerned. and 3) based on other objective considerations. This criterion is an additional income considering echelon. rank. class. and education and capability considerations.

The procedure of additional payment of income according to Kutai Kartanegara Regent's Registration is additional income paid every month. Payments made after Civil Servants and Civil Service Candidates Kutai Kartanegara District meet the criteria requirements as regulated in the Regents Regulation on Enforcement Discipline of Civil Servants and Candidates Civil Service of Kutai

Kartanegara Regency. Provision of additional income is charged to the Regional Revenue and Expenditure Budget (APBD).

In relation to the notion of compensation management proposed by Armstrong above that compensation management is an integral part of human resource approach to improve productivity in organizations related to the design, implementation and maintenance of compensation systems aimed at enhancing the performance of individual teams and individuals, the authors adopting the management steps put forward by some experts as research indicators.

### **1. Planning**

In Gaol planning describes the management functions (management functions) as follows: *Effective managers realize that a substantial portion of their time should be devoted to planning. For the personnel manager, planning means the determination in advance of a personnel program that will contribute to goals established for enterprise.*

Coleman (2000. 18) states that in order to determine and run an effective organization, all leaders perform some basic functions or activities. These functions can lead leaders to create a positive work environment and provide opportunities and drives. The key management functions are as follows: function "planning, organizing and staffing, leading and controlling. Planning is analyzing a situation. determining the goals that will be persuaded in the future, and deciding in advance the actions that will be taken to achieve these goals. Planning is a situation analysis, determining the goals to be achieved in the future, and determine the steps forward activities that will be taken to achieve the goal.

Simamora (2006. 49) states that the plan is the foundation for every type of organizational activity. Planning is the process of setting out what goals will be achieved over the time period ahead and what will be done to achieve that goal.

### **2. Organizing**

Organizing is a second function in management. Organization is identical with a group of structured and systematic Individuals who are in a system. Organizing is defined as the process of organizing the organizational structure in accordance with its goals, resources, and environment. *After a course of action has been determined, organization must be established to carry it out. Once it has been determined that certain personnel functions contribute toward the firm's objectives, the personnel manager must form an organization by designing the structure of relationships among jobs, personnel, and physical factors. One must be aware of the complex relationships that exist between the specialized unit and the rest of the organization.* Coleman(2000.19).

Organizing and organizing the employee structure includes the efforts of the leader to place the human resources, determine the financial, physical materials and sources of information needed to fulfill the task, coordinate the group of employees for maximum success.

### **3. Direction / Implementation**

Briefing or other names of motivation (motivating). movement (actuating). or command (commanding) means to give instructions and invite employees to consciously carry out their work in accordance with the specified company.

The direction steps according to Terry (1986. 46) are: 1) Participate in action and action decisions. 2) directing others to work. 3) motivate members. 4) communicate effectively. 5) increase members to understand their full potential. 6) reward appropriate rewards for workers. 7) to meet the needs of employees in accordance with their work activities. 8) attempt to improve direction as directed by supervision. The implementation of compensation management in this study covers how the process and compensation practices in the district government of Kutai Kartanegara.

#### **4. Control**

Control means seeing, observing, and assessing the actions of the employee in accordance with the planned outcome or target. Controlling is control over actions to compare with existing plans and correction of any deviations occurring or sometimes adjustment and re-arrangement of plans against irreversible irregularities. Control is a managerial function that deals with organizational arrangements according to the human resource plan that has been formulated in a basic analysis of organizational goals. Supervision / controlling (controlling) is to monitor whether the movement of this organization is in accordance with

To realize the prosperous society as stated in the vision and mission and the flagship program (Raja Gates), the Kartanegara district government through the Regent always try to improve the quality of human resources of KutaiKartanegara by providing compensation fund to the people of KutaiKartanegara. Especially to civil servants (PNS) and candidates for civil servants and honorary honorary employees in government institutions as well as in non-governmental organizations or foundations. Compensation provided in the form of additional income funds are arranged in accordance with KutaiKartanegara Regent Regulation No. 45 of 2013 which is about Additional Income for Civil Servants and Civil Service Candidates KutaiKartanegara Regency.

#### **METHOD**

This research is emperik research. observations made on the substance and implementation of the policy of the Kutai Kartanegara Regency Government in the management of compensation which includes planning, organizing, directing and controlling the management of compensation to civil servants and prospective civil servants in Kutai Kartanegara district.

Methods of data collection include: (1) In-depth Interview (Indepth Interview). Interviews are conversations with a specific purpose. The conversation was conducted by researchers with research informants. The conversations conducted are cultivated in an informal atmosphere. it means that the research informant first given an opportunity to express what concerns him. then slowly the researchers direct the discussion to the focus of the problem.

Interviews are used to collect more complete and in-depth data that have not been obtained when conducting observations. The process of interviewing is done by first preparing the interview guidelines with open questions focused around the topic of the problem although these guidelines are not used strictly. This means that the question develops in accordance with the answers of research informants. The first interview was conducted with the Regional Secretary of Kutai Kartanegara Regency to get an idea of the location of the study. Slowly. researchers direct the conversation on important information about the background research. then slowly. researchers direct the discussion on the information about the history of the issuance of Regent Regulation No. 45 of 2013 on Supplementary Income for Civil Servants and prospective civil servants of Kutai Kartanegara Regency. While interviewing with other subject. opened with his experience in occupying the current position. Interviews were also conducted with one of the recipients of compensation from SKPD in Kukar district as mentioned above. In order for the interview to take place effectively and the results are satisfactory. researchers completed the interview process with a data recorder in the form of field notes and tape recorder. Use of such tools in the field interview process with the permission of the informant.

#### **RESULT**

Compensation management planning in KutaiKartanegara District Government formulates the objectives and requirements that are to manage employees, motivate improve performance, improve prosperity and spur and improve productivity and quality in providing services to the community and

improve the orderly administration of local finance. Requirements that must be met are listed on KutaiKartanegara Regent's Regulation Number 45 and 46 of 2013 and Number 039 of 2015.

The organizing of compensation management in the KutaiKartanegara district government includes the procedures undertaken and the management of compensation arrangements. The procedure for the payment of additional income shall be made monthly, the procedure and the payment mechanism according to the prevailing laws and regulations. Implementation of compensation management in KutaiKartanegara district government includes: the ongoing compensation process and compensation practices are provided. Requirements to be fulfilled by the employee in compensation include: (1) List of daily staff attendance (2) (Teacher Working Decision Letter (3) BPD Account (4) Unique Number of Teachers and Education Personnel (NUPTK). (5) Duty. SK last rank.

Control and evaluation is done by each SKPD to employees through performance and attendance performance to identify the beneficiary in accordance with the data provided by each SKPD. The law firm is authorized to perform reprimand and sanction measures in case of delay or gap in the amount of compensation received by the employee, verify the finger print data in the data source, confirm to SKPD and make a statement about the validity of the data. In addition, the Supreme Audit Agency (BPK) of KutaiKartanegara District monitors periodically to prevent misuse and abuse of compensation. Officials dealing with personnel shall at the end of each month submit information on the attendance of employees to the Head of SKPD, Secretary of SKPD, and Head / Head of SKPD.

It is necessary to review the amount of compensation or Income Enhancement allowance (TPP) as stipulated in KutaiKartanegara Regent Regulation No. 039 of 2015 for functional education staff, to be aligned with other functional staff. The functional education clerk performs and is responsible for his work not only on effective working days, from preparation, learning process and post-learning. Local governments should pay more attention to compensation for additional duties and overpriced benefits and meal allowances as received by other structural and functional employees.

## **DISCUSSION**

### **1. Compensation Planning**

Planning of compensation in the local government of KutaiKartanegara Regency consists of administrating and compensation requirements formulated. Administration in the management of compensation conducted by the KutaiKartanegara district government is to establish and ensure the objectives to be achieved that is for the arrangement of employees in the region KutaiKartanegara regency. Compensation in the form of additional employee income (TPP) as a means to motivate employees spread in districts other than Tenggarong district in improving its performance in accordance with the field of duty of each employee. TPP also aims to improve employee welfare in KutaiKartanegara district. Local Government provides additional income with a view to improving the welfare of civil servants and civil servants. The purpose of additional income to the civil servants and CPNS in order to spur and improve productivity in providing services to the community. Local Government provides additional income for employees to improve the quality of services to the community, improve the discipline of local financial administration and improve employee welfare and performance

To implement the objective, the KutaiKartanegara district government established policies, procedures, standards & methods for the implementation of compensation management with the issuance of Perbub number 45 of 2013. This regulation stipulates additional income for civil servants and civil servant candidates (CPNS) KutaiKartanegara.

Additional income recipients are civil servants; and CPNS. Additional Income for CPNS, payable 80% of the amount specified. (d) Additional Income Criteria, namely: based on the workplace,

based on the scarcity of the profession; and based on other objective considerations. Additional income is given by considering the need for decent living, area, mileage and difficulty of transportation accessibility in each kecamatan. Additional income is given by taking into account the special expertise it possesses as evidenced by the ownership of a certificate of expertise over the profession concerned. Supplementary income taking into account the echelon, rank, class and education and capability considerations.

## **2. Organizing Compensation**

The organizing of compensation management in the KutaiKartanegara district government includes the procedures undertaken and the management of compensation arrangements. The procedure for the payment of additional income shall be made monthly, the procedure and the payment mechanism according to the prevailing laws and regulations. Civil servants and civil servants who moved between SKPD in January in the respective year or subsequently paid through SKPD where the salary is paid. Payments are made after receiving a certificate of employee discipline from SKPD where civil servants and civil servants perform their duties. Payments are made after PNS and CPNS meet the requirements criteria as regulated in the Regent Regulation on Enforcing Employee Discipline.

Regent's Regulation on Enforcing Employee Discipline regulates the working day is set 5 (five) days a week, starting Monday to Friday. Working hours Monday to Thursday: Enter at 07.30 Wita; rest period from 12.00 Wita to 13.00 Wita; and come home at 16.00 Wita. Friday: Enter at 07.30 Wita; Break from 12.00 Wita until 13.30; and Go home at 16.30 Wita. Excluded from work units / organizational units that organize community services such as; Hospitals and Puskesmas; and educational units, from elementary to high school.

Civil servants are required to enter work and adhere to the provisions of working hours and fill out the attendance list using an electronic attendance system. (Filling in the attendance list is done 4 (four) times at the time of entry to work, break out, entry after rest and at home from work. Action of attendance list can be done manually if: (a) electronic attendance system has not been held or damaged / (b) the civil servant has not been registered in the attendance system electronically; (c) the fingerprint is not recorded in the electronic attendance system; or (d) a force majeure occurs. (4) The majeure state is a events that occur beyond human capabilities and control and can not be avoided in the form of natural disasters and riots.

## **3. Implementation of Compensation**

Implementation of compensation management in KutaiKartanegara district government, which includes: the ongoing compensation process and compensation practices are provided. Requirements to be fulfilled by the employee in the award of compensation are the files that must be collected before the compensation payment or TPP is executed which includes: (1) List of daily attendance (2) (Teacher Working Decision Letter (3) BPD Account (4) Unique Number of Educators and (5) Statement Letter Performing the final SK duty Requirement item (1) shall be done every month Requirements of items (2) to item (5) shall be made every six months The procedure for the payment of additional income is exercised every month, the payment mechanism is transferred to the employee's account by SKPD to Bank Kaltim Transfer after verification by the authorized official in each SKPD about the discipline of the employee concerned.

## **4. Compensation Control**

Control of compensation and compensation evaluation conducted by KutaiKartanegara district government with the aim of the implementation of compensation or TPP can run well. If there is a gap or deviation there will be an immediate repair. Control and evaluation is done by each SKPD to employees through performance and attendance.

BKD does not conduct direct examination but uses attendance data to identify the recipients of compensation in accordance with the data provided by each SKPD. Steps taken BKD if there ketidkesuaian data with the actual condition is submitted to SKPD and if proven there are irregularities, then the employees who receive must refund the funds received.

In the role of control / evaluation of compensation management, the Legal Bureau has the authority to undertake the steps (1) Warning Giving (2) Provision of sanctions in the event of delay or gap in the amount of compensation received by the employee. To identify that the compensation receiver or TPP is in accordance with the data provided by each SKPD then it is done: (1) verification of the finger print data in the data source. (2) confirmation to SKPD and (3) Make a statement about the validity of the data. In order to avoid the amount of compensation received by Bappeda employees to evaluate, re-inventory annually to avoid marking up data. If there is a data discrepancy with the condition of the field BAPPEDA performs inspection recap of attendance list of employee. Individuals are obliged or advised to make claims to be synchronized in the following month. Regular compensation management control is the agenda of the Supreme Audit Agency (BPK) of KutaiKartanegara Regency. If there is deviation and misuse of compensation, it is the duty of the KKK Kartaiegara to check and provide an alternative sanction to the person concerned either to SKPD or to individual employees.

To increase employee motivation and morale, compensation should be paid simultaneously monthly salary so that employees can spend according to the program of learning that has been made every month. Local Government should provide a high quality digital absence machine to be used optimally for a long time. Pinpoint SKPD or work unit should be more strict in applying employee work discipline. Thus the presence of employees with four times a day absent every work is not a routine activity just about the absentee duty. Periodically incremental increase in the amount of compensation or Income Benefits (TPP) proportionally and professionally. It is necessary to review the amount of compensation or Income Supplement (TPP) as stipulated in KutaiKartanegara Regent Regulation No. 039 of 2015. for functional education personnel, to be aligned with other functional staff. The functional education clerk performs and is responsible for his work not only on effective working days, from preparation, learning process and post-learning. Local governments should pay more attention to compensation for additional duties and overpriced benefits and meal allowances as received by other structural and functional employees.

## **CONCLUSION**

First, Compensation Management Planning in the Regional Government of KutaiKartanegara Regency formulates the objectives and requirements that is to manage employees, motivate improve performance, improve welfare and spur and improve productivity and quality in providing services to the community and improve the orderly administration of local finance. Requirements that must be met are stated in KutaiKartanegara Regent's Regulation Number 45 and 46 of 2013 and Number 039 of 2015. Second, the organizational management of compensation in KutaiKartanegara district government covers the procedures performed and compensation management arrangements. The method of payment of additional income is done monthly, the procedure and mechanism of payment are in accordance with applicable laws and regulations. Thirdly, the implementation of compensation management in KutaiKartanegara district government includes: the compensation process takes place and the compensation practice is given. Requirements to be fulfilled by the employee in compensation include: (1) List of daily staff attendance (2) (Teacher Working Decision Letter (3) BPD Account (4) Unique Number of Teachers and Education Personnel (NUPTK). (5) Duty, final SK duty Fourth, Control and evaluation shall be done by each SKPD to the employee through performance and attendance performance to identify the beneficiary in accordance with the data provided by each SKPD The law



firm is authorized to perform reprimand and sanction in case of delay or gap in amount of compensation received by employee, verification of finger print data at data source, confirmation to SKPD and making a statement about validity of data.

#### REFERENCES

- Bush M. Coleman. (2000). *Leadership and Strategic Management in Education*. London: Paul Chapman Publishing.
- Dessler, Gary. (2000). *Human Resource Management*. New Jersey: Pearson Education.
- Dyer.Lee, (1985). *Strategic Human Resources Management And Planning*. Research in personnel and human resources management.
- George R. Terry.(1997). *Principles of Management*. New York: Richard D. Irwin.
- Gaol L Jimmy.(2014). *Human Capital*. Jakarta: Kompas Gramedia.
- Hewitt A. (2005). *Managing Performance with Incentive Pay*. Journal of *personne l*Management.
- Kadarisman, (2014). *Manajemen Kompensasi*. Jakarta: Raja Grafindo Persada.
- Luminita.B. (2001). *The Assessment Center. A New "Fashion" In Personnel Selection*. Oradea: University of Oradea.
- Marwansyah, (2010). *Manajemen Sumber Daya Manusia*. Bandung: Penerbit Alfabeta.
- Noe dkk. (2010). *Human Resource Management: Gaining a Competitiv Advantage*. New York: McGraw-Hill.
- Patnaik, (2012). *Compensation Management*. Bhubaneswar: KIIT University.
- Pearce.L, (2010). *Managerial compensation based on organization performance*. Journal of industrial Relation.
- Rivai, Veithzal, (2004). *Manajemen Sumber Daya Manusia untuk Perusahaan dari Teorike Praktik* Jakarta: PT Rajagrafindo Persada
- Simamora Henry. (2006). *Manajemen Sumber Daya Manusia*. Yogyakarta: STIE YKPN.
- Thomas.S. L. & Morris.J.A. (2008). *A Century of Psychological Testing*. Public Personnel Management.