

# The effect of Financial

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## **The Effect of Financial Compensation And Non-Financial Compensation for the Motivation and Performance of Employees in Private Clinics of Lumajang Regency**

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### **Abstrack**

This study aims to identify the effects of financial compensation and non-financial compensation on performance of employee with motivation as intervening variable in private health clinics. The population of this research is private clinic employee in Lumajang Regency with 34 respondents used as sample. Data analysis technique used multiple linear regression analysis. The result of this study indicate that variable financial compensation have a direct significant effect on performance variable. The same thing happen for non-financial compensation variable but in opposite relationship. Coefficient of determination for motivation variable equal to 76,7% which means this variable can be explained by two independent variable in this research. This is different from the performance variable which is only 42,9%. Furthermore, this research is expected to contribute in the development of management science studies, especially human resource management so that it can become a reference for further research

**Keyword : Compensation, Motivation, Performance**

### **Introduction**

The health system in Indonesia has experienced rapid development in various fields. One of them is a system for paying patients to government and private health care providers. This requires the leaders of health agencies to develop their institutions in accordance with this increasingly rapid development. This development must be based on the intention to provide quality services to the community according to their needs.

On the other hand, the government in Law Number 19 of 2016 concerning the Second Amendment to Presidential Regulation Number 12 of 2014 concerning Health Insurance states that for Indonesian citizens will be required to have health insurance. This obligation will certainly have a big influence on health institutions in Indonesia, including Lumajang. Therefore, providers of health services must be able to provide quality services so that the community's needs for health services can be maximally fulfilled. One of the factors that influence the fulfillment of maximum health services is the medical officer in the health facility. In this case, the medical officer must obtain the right, in the form of compensation, which is appropriate so that he can carry out his obligations properly. Giving compensation to medical personnel has actually been arranged by the Indonesian government in the Regulation of the Minister of Health No. 19 of 2014 concerning the Use of Capitation Funds National Health Insurance for Health Care Services and Support for Operational Costs at the First Level Local Government Health Facilities stated that there is an additional allocation of funds for government agencies in managing public health through the National Health Insurance or BPJS. This guarantee should make medical personnel more enthusiastic to improve the quality and performance of agencies. In contrast to health institutions with private ownership where the financial arrangements are regulated according to the owner's policy, medical officers receive compensation in accordance with the rules or policies. This has led to several trends between medical officers in private institutions if the compensation obtained is not the same as that obtained by medical officers in government agencies. Therefore this research is expected to solve this problem so that in addition to being able to meet the needs of the community, private health agencies can also provide appropriate compensation for their medical personnel..

There are several previous studies that were used as ignorance in this study. First, there (Nurchayani & Andayani, 2016) found several conclusions including compensation having a positive effect on job satisfaction, motivation has a positive and significant effect on job satisfaction, compensation has a positive and significant effect on employee performance, motivation has a positive and significant effect on employee performance, job satisfaction has a positive and significant effect on employee performance and employee satisfaction mediates the effect of compensation and motivation on employee performance. Conclusions are generated in the case study at PT. Sinar Sosro Pabrik Bali where compensation should be carried out fairly and motivational activities carried out with job promotions in accordance with the qualifications previously set. Furthermore (Caesar,2014) states that there is a significant relationship between motivation and employee performance. Without motivation, it is difficult for employees to work

properly so that good performance will not be achieved. This is similar to what was conveyed by (Kasenda, 2013) where the relationship of compensation and motivation with employee performance is very strong. Based on the description above, this research was conducted to find the effect of giving compensation to the motivation and performance of medical personnel in health institutions or private clinics in Lumajang Regency. This research is expected to provide useful input for health clinic managers, medical officers and the general public

### Material and Method

This research according to the level of expansion is a study that intends to explain the position of the variable under study as well as the relationship between one variable and the other variable. Therefore this type of research is an association where research is conducted to find out the relationship between two or more variables (Siregear, 2013). This study determines the influence of compensation variables on employee performance with motivation as an intervening variable.

The object of this research is paramedic employees at a private clinic in Lumajang Regency. This is done by considering that private clinics in this district do not yet have a uniform compensation system and have not implemented agency accreditation so that it can be used as input in improving the compensation system for medical personnel. In this case the paramedic employee is an object of this research. Paramedic employees were given a questionnaire to capture their perceptions of employee performance and motivation based on giving compensation in their respective places. After the questionnaire was distributed, 34 respondents were used as samples in this study.

The analysis process is carried out in several stages. The initial stage is testing research instruments because they are questionnaires, namely testing validity and reliability. Furthermore, multiple linear regression analysis was carried out using the classic assumption tests which included testing data normality, multicollinearity and heteroscedasticity. The next stage is path analysis to determine the effect of intervening variables on the relationships between variables. Hypothesis testing will also be discussed to determine the effect of each variable with other variables.

### Result and Discussion

Validity test is carried out to determine the extent to which a proposed questionnaire can explore the data or information needed. The validity test results are said to be valid if the r count is at least 0.3 and the significance value is less than 5%, then the test results for each variable are obtained as follows:

**Table 1. Validity Test Results**

No.	Variable	Questionnaire	R count	Sig.
1.	Financial Compensation (X <sub>1</sub> )	a. Item 1 (X1.1)	0,940	0,000
		b. Item 2 (X1.2)	0,882	0,000
		c. Item 3 (X1.3)	0,929	0,000
		d. Item 4 (X1.4)	0,959	0,000
		e. Item 5 (X1.5)	0,934	0,000
		f. Item 6 (X1.6)	0,798	0,000
		g. Item 7 (X1.7)	0,934	0,000
		h. Item 8 (X1.8)	0,900	0,000
3.	Non-Financial Compensation (X <sub>2</sub> )	a. Item 1 (X2.1)	0,734	0,000
		b. Item 2 (X2.2)	0,826	0,000
		c. Item 3 (X2.3)	0,867	0,000
		d. Item 4 (X2.4)	0,817	0,000
		e. Item 5 (X2.5)	0,838	0,000
		f. Item 6 (X2.6)	0,706	0,000
4.	Motivation (Z)	a. Item 1 (Z.1)	0,428	0,012
		b. Item 2 (Z.2)	0,890	0,000
		c. Item 3 (Z.3)	0,702	0,000
		d. Item 4 (Z.4)	0,549	0,000
		e. Item 5 (Z.5)	0,743	0,000
		f. Item 6 (Z.6)	0,721	0,000
		g. Item 7 (Z.7)	0,632	0,000
		h. Item 8 (Z.8)	0,795	0,000
		i. Item 9 (Z.9)	0,764	0,000
		j. Item 10 (Z.10)	0,622	0,000

5. Employee performance (Y)	a. Item 1 (Y.1)	0,647	0,000
	b. Item 2 (Y.2)	0,914	0,000
	c. Item 3 (Y.3)	0,709	0,000
	d. Item 4 (Y.4)	0,842	0,000
	e. Item 5 (Y.5)	0,600	0,000
	f. Item 6 (Y.6)	0,822	0,000
	g. Item 7 (Y.7)	0,794	0,000
	h. Item 8 (Y.8)	0,894	0,000

Source: Results of processing questionnaire data with SPSS

Next is the reliability test to measure the extent to which the proposed questionnaire can provide no different results using the *Cronbach Alpha* formula. Test results obtained for each variable as follows:

**Table 2. Reliability Test Results**

No.	Variable	Cronbach's Alpha
1.	Financial Compensation (X <sub>1</sub> )	0,969
3.	Non Financial Compensation (X <sub>2</sub> )	0,881
4.	Motivation (Z)	0,890
5.	Employee performance (Y)	0,891

Source: Results of processing questionnaire data with SPSS

The results of the reliability testing of the questionnaire in this study indicate that the majority of variables are very reliable which are shown in Cronbach's Alpha > 0.8. So it can be concluded that all measuring concepts of each variable from the questionnaire used in this study are reliable questionnaires.

A good regression model must be free from the problem of deviation from classical assumptions. The following regression model is generated using the help of SPSS software.

$$Z = 17,143 + 0,273X_1 + 0,607X_2 \quad (1)$$

$$Z = 25,816 + 0,129X_1 - 0,190X_2 + 0,168Z \quad (2)$$

Hypothesis testing in this study aims to determine the relationship of each variable partially and simultaneously. The results of the t test are given in tables 3 and 4. While the F test, for the regression equation (1) is obtained the result that Sig. equal to 0,000 less than  $\alpha$  (0,05), it can be concluded that there is a significant influence between financial and non-financial compensation to motivation simultaneously. This is different from the regression equation (2) where the independent variable does not have a significant effect on the performance of employees simultaneously on employees of private health clinics in Lumajang Regency. This conclusion is obtained because of the value of Sig. equal to 0.102 more than  $\alpha$  (0.05) for the regression equation (2).

The coefficient of determination (R Square) obtained is 0.767 for the regression equation (1) and 0.429 for the regression equation (2). This shows the relationship in the regression equation (1) between the independent and bound variables is quite strong with 76.6%. While for the regression equation (2) it can be said that there is still less where only 42.9%

**Table 3. T Test Results for Regression Equations (1)**

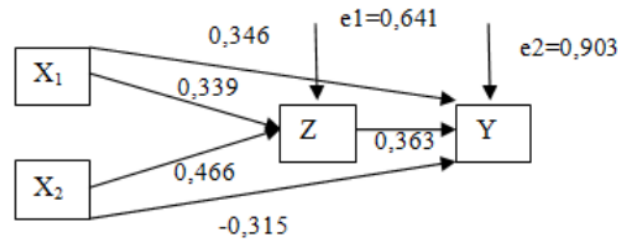
No.	Variable	t	Sig
1.	Financial compensation (X <sub>1</sub> )	1,715	0,096
2.	Non-financial compensation (X <sub>2</sub> )	2,357	0,025

Source: Results of processing questionnaire data with SPSS

**Table 4. T Test Results for Regression Equations (2)**

No.	Variable	t	Sig
1.	Financial compensation (X <sub>1</sub> )	1,168	0,252
2.	Non-financial compensation (X <sub>2</sub> )	-1,025	0,314
3.	Motivasi (Z)	1,410	0,169

Source: Results of processing questionnaire data with SPSS



**Figure 3. Calculation of Path Analyze**

Path analysis was carried out in this study to analyze the functions of the intervening variables. Based on calculations, Figure 3, that the value of direct influence is greater than the value of indirect influence.

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### Conclusion

Based on the results of the analysis, it can be concluded that the compensation given to health workers at the Lumjang District Private Clinic is not the main thing that can improve performance or motivation. From here it is known that although the non-financial compensation variable has a significant effect on the motivation variable it does not mean it can improve performance. While based on path analysis, it can be concluded that the value of direct influence is greater than the value of indirect influence.

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