

The Effect Of Reward Toward Work Performance : A Literature Review

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Abstract

Work performance becoming an important aspect in ensuring the company overall performance, the work performance can be influence by many aspect and factors, one of this factors is job satisfaction and motivation, in order to create the satisfaction and motivation there are several ways, one of which is to provide compensation as token of appreciation, compensation proven to be one of the determining factors that could influence motivation and form a job satisfaction by creating the feeling of appreciation toward the employee contribution to their company or workplace. This paper are purposing in exploring the fact about compensation influence toward work performance, using qualitative methods by library research and deductive thinking method to draw relevant conclusion, this paper provide a result that suggest compensation to be indeed one of the work performance enhancers aspect. By giving compensation the company will motivate their worker to better, faster, harder yet very effective and efficient. This optimal work performance will then increase the overall performance of the company and hence able to provide more compensation and multiply the effect of compensation in the future and double the performance each period from time to time, lead to competitiveness and high productivity of the company.

Keywords: Compensation, Work Performance, Job Satisfaction

INTRODUCTION

The term compensation is well-known in today, in certain situation, compensation become a pure motivation for employee to push their performance to the edge. The influence of compensation become very powerful toward employee. The willingness of a company to give extra compensation, become one of many method for company to develop and enhance motivation of their employee to become more productive. The dynamic nature of human behavior have certain pattern, the common pattern that are well-known is the individual needs attention, they loved being appreciate. In term of performance, an individual will be motivate with the form of various appreciation, this appreciation can be anything, it could be in form of money, in form of a chance or recommendation to training, and other kind of physical reward. Commonly, the most effective form of compensation would be money and various form of training to develop skill for their work.

Human resources is very important aspect in assuring the performance of the company, many activity in enhancing the skill of human resources can also increase the performance of the company, but most importantly the performance of the individual itself can lead to higher company performance. In assuring this performance there are factors and this strategy came from the aspect of the company itself. Factors such leadership style, job satisfaction, work environment, and many other factors can influence the work performance. In a logical way one of this factors which is job satisfaction are determine by many various indicator and cause. One of this are compensation, the right method in giving compensation will lead to job satisfaction, on the side if company tend to or unintentionally show behavior of discrimination in giving compensation, this could lead to a bad view on leadership behavior and cause a bad effect on work performance

(1)

There is factor for the amount of compensation that are given, the factor can come from the government, this can be interpret as for people that work in the under-government service such civil servant, other can be interpret as government policy in term of minimum wage. Another factor can be the amount of work and the current performance of the individual, the amount of wage comparison, this can be link to the position of individual work. There is a certain purpose in giving compensation, other than work performance, the purpose of a compensation can also be to create good image for the company and attract for high quality human resources to work in that company, compensation also use as provocation to make the employee to show their performance, and to keep the employee performance on the track to assume productivity of the company.

In order for company to create or enhance work performance, the right method of giving compensation is crucial, the effect of compensation has been studied numerous time in empirical studies. The performance of the employee are dynamics, one day, employee can work better and the other day they could be lazier than usual. The effect of compensation is sustainable when given in right time, one of the form compensation is a promise to raise, but in logical way, compensation can never be raise all at once, so the company must have strategy and giving a raise one at the time by using data on the employee past performance and select which are suitable for a raise, other form of compensation such as family allowance, holiday allowance and many other form of allowance and bonus is effective to ensure employee performance and dedication toward the company (2)

The importance of compensation are crucial especially if a company facing a downfall in overall performance, the willingness of the employee to work extra or to take on the job they are not quite specialize in have a very little chance of happening without the help of stimulation, this stimulation are compensation, compensation have many form, not only does money and payment, good facility can also be a form of compensation, the facility compensate in employee performance by creating job satisfaction that are drawn from their environment, simple things such clean workplace, or fulfilling the wish list on employee requested items for their job could boost the performance of the employee (3) The compensation also have certain effect toward their mindset of the employee, a very good treatment from the company itself can create a emotional bond between their employee, this will make the employee become more discipline and also become more loyal, many employee have even feel satisfy with their job because they are given the chance to grow, to work on their skills and still able to work at the same time (4)

Since common form of compensation were in form of money as bonuses or allowance, it can be denied that many employee have considered this to be very helpful, especially in increasing their financial ability and slowly achieve financial stability. This were the intention of the compensation itself, as a company the insurance of employee welfare were one of the obligation of the company to fulfill, however in the process of giving compensation there is also a selection, randomly giving compensation will make or form an assumption about discrimination, so the criteria before handing a compensation are skills and education capability, the amount of working period as for how long has the employee for the company, the position and the amount work for that current position, allocation for the employee who are willing to relocate to certain area (5)

Recalling from all the empirical studies and evidence, its important to note that compensation have become one of important factor in enhancing work performance, employee dedication, employee loyalty and initiative. Compensation can ensure the sustainable effect if implemented using the right the method. In giving this compensation in any form there are certain criteria and the aftermath should give a positive effect of an output, therefore these aspect need to be explore to understand the true importance of the compensation system and how it have affected the work performance of the employee.

RESEARCH METHOD

Method used in this paper is the qualitative methods of library study, which the paper analyze empirical study, research and evidence before drawing conclusion from the summary of article that are relevant with the topic of this paper. In order to conclude this paper and provide a result, the methods in concluding the data would be deductive method, which deductive method are used to draw specific conclusion from a common subject into a specify conclusion on that subject to be then be interpret to fit the purpose of the paper and provide result that address relevant findings and provide a possible advice for the next similar paper and research.

RESULT AND DISCUSSION

1. Work Performance

Work performance can be defined as the quality of work outcome of an individual, in this case an employee, work performance have diversity form of measurement, work performance are visible when someone are completing the job that are given to them as their form of discipline toward their responsibility. The completion of the job are also still be measured, which is the job duration, the job quality, effectiveness, efficiency, and many other aspect along the way. Work performance have also influence by many factors, in a meaning that some aspect might help to complete the task a lot faster and other aspect might enhance the manpower to be more active and optimally work. The work performance itself can be seen as way to measure the quality of human resources, as innovation and creativity can be used to enhance work ability, the high quality, educated and experience human resources will always invent a new creative way to work less yet have significant and even outstanding work result (6)

The purpose of the work performance is a must especially in ensuring the image of the company, the objective of the company is to achieve high productivity, and the one way to achieve this is to achieve high work performance, other than that, the process of evaluation will show what the company are lacking in the current period of time. When this time come the company will identify what need to be improve, one performance to another will show which division need to improve, therefore the purpose of the work performance is to shrink the gap of the company weakness along the way of achieving high productivity. Aside from its purpose, there are a characteristic for productive employee or high performance employee which is (1) having a high commitment toward their responsibility; (2) aren't afraid to take a risk for better improvement; (3) set a goals and priority in their work; (4) having a specific work plan and working on making it happen; (5) have an open minded way of thinking to improve themselves throughout advices and feedback; and (6) able to discover and spot an opportunity (7)

Indicator of work performance have a diversity of aspect, therefore a measurement for work performance also various, indicator that are common for employee with high performance are a few which is (1) quality, this indicator measure how someone work on what they're specialize on; (2) quantity, an indicator that show how long someone have work and how many task that they've complete in a day; (3) responsibility, this indicator show how much someone are commit to their task and dedication in completing the task; (4) teamwork, in order to work better and faster, many work unit and division have separate task, the ability to adapt and conduct teamwork will in any way enhance work performance; and (5) initiative, indicator that show employee capability of improvising situation and able to use their skills to make decision and action in certain situation (8).

2. Compensation

Compensation have many definition, nevertheless many form, compensation can be in a form of money, bonuses, allowance, and also could be in form of appreciation, skill improvement

facility, and many other form of facilities that are provided by the company that the employee are currently working. Compensation is a form of appreciation from the company, which compensation are directly given or given indirectly, compensation are important factor especially for the employee that have many contribution toward the company, compensation help in increasing the performance of the employee, which in term of work performance, the presence of compensation will improve the employee to work harder and better, and also ensuring the contribution of that employee if maintain well (9)

Compensation or reward are given with intentional purpose in it, as this compensation are meant to expance the contribution of the employee, however there are many purpose for compensation to be given by the company such as helping in fulfilling economic need of the employee financially, improve the productivity of the employee mediate by motivation, to create better and more improved organization and company, lastly to create stability and justice overall for the entire worker. The form of compensation commonly known as two which is financial compensation, and non-financial compensation. The financial compensation commonly known in the form of wage, incentives, and salary, meanwhile the non-financial compensation are more variative, which can be given in form of a chance of pursuing education, chance to improve skill by training, promotion of position, transportation facility and given holiday or day off (10)

Compensation in one way are connected to work satisfaction, the connection are formed by the process, compensation are given in the purpose of giving appreciation and to provide a form service for the employee contribution toward the company. The compensation helping the families of their employee to have achieve the financial needs and therefore influence the ability to work better, as we know that when individual have financial ability, they will be able to fulfill the daily needs such as food to ensure health. Other effect of sufficient financial ability is the chance to have better education and the ability to partake in many form of training to improve skills. The outcome of having all these facilities and luxury will result in work satisfaction, hence improve the performance of their work more (11)

3. The Effect of Compensation Toward Work Performance

After exploring each compensation and work performance, its important to note that the two is connected, moreover compensation have the ability to influence the work performance to improve and achieve the objectives of the company. This result are supported by the empirical studies stating that compensation have positive influence toward work performance, which the researcher interpret that when the company decide to give compensation, there will be an increase in the work performance of the compensation receiver, therefore the more the compensation given, the more employee will influence to work harder and better, hence increase the work performance and the productivity of the company (12) Not only this, another empirical research have also found similar findings, in the case of this research the compensation mention are the insurance of few financial help such as health insurance, however, researcher stated that if the compensation are given by procedure and by the fair judgement reflecting on past work performance and contribution, therefore the result of the research have provide recommendation of handing compensation (13). In giving compensation the company have also calculated the amount of normal salary or minimum wage they've given to their employee, other strategy have also shown to be analyzing the lifestyle of the employee, if the employee feels satisfy with the compensation, the better effect of this compensation will result in sustainable work performance as the employee feels the need to return the favor toward the company as they've been treated well by the company (14).

Giving compensation if not well considered can result in employee dissatisfaction, compensation were supposed to enhance the performance of the employee, the one way of finding what the employee really want is to provide a recommendation or feedback box that every employee can use to reveal their desire. The dynamic of employee performance should be monitored, in which the condition have also impacted the power of the compensation, when the compensation are given regularly, the employee might thing of it as regulation or part of their

monthly payment, the difference can be felt by the employee when they receive token of appreciation for their hard work, which if they receive compensation during this period, the assumption would be company have appreciate well their hard work (15). Compensation will motivate the employee to work better by giving satisfaction, its being a fact that many protest and argument between company and their employee are cause by the feeling of unsatisfied on their wage and never or hardly having to receive any reward or compensation in any form (16). Therefore in order to increase the performance of the employee, strategy of giving compensation in a equal and fair way toward the employee that deserve it is a must, the reason behind this isn't only temporary solution for decreasing performance of the current time but the sustainable outcome that can be achieve through compensation or reward system for their employee from time to time (17).

By the reflection the empirical studies above, its important to note that the compensation can be a solution to work performance, but the compensation can lead two ways which it can be temporary solution or it can be the sustainable solution, as for the company, when the employee have high work performance, it will be more convenience for them to achieve their goals. But there is a way to improve and in the same having to experience the improvement significantly. When the company give compensation in form of education or training opportunity, this actually also become the investment toward their human resources, this investment will impact the company overall performance in the future, therefore this is a two way improvement, the satisfaction of employee will manifest and then they will determine to show their new skills and their capability to create a new innovation and creation that would helped the company and benefits them at the same time

CONCLUSION

The findings of this paper indicate that compensation indeed have an effect toward the work performance and even are commonly known as the one aspect to increase the work performance of the employee. While the result are obvious, there are times where the employee doesn't think that the compensation is significant or enough to support them in any way, analyzing what company are capable and employee might satisfy for is important. Compensation also work in two ways determine by the company, compensation can be temporary solution for decreasing work performance by only thinking of giving compensation at one moment when they need the performance of their employee the most. Or the compensation can work as sustainable aspect in term of work performance by planning and periodically giving compensation in various form to ensure the employee performance. Aside from all this, the empirical studies, research and evidence indicate that compensation is one of the important factor that influence the work performance of an employee.

SUGGESTION

As this research are only in the form of library research, the lack of real time observation is the weakness of this research, therefore it is really highly recommend for the next researcher to conduct real time observation in order to provide more sufficient evidence regarding the connection of compensation and work performance, especially in affecting company performance in general way.

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