

## THE INFLUENCE OF FINANCIAL AND NON-FINANCIAL COMPENSATION ON TEACHER PERFORMANCE AT MADRASAH TSANAWIYAH NEGERI 1 MUNA

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### **Abstract**

*This research aims to determine the effect of financial and non-financial compensation on teacher performance at the Madrasah Tsanawiyah Negeri 1 Muna. This research variable consists of Financial Compensation and Nonfinancial Compensation as independent variables and Teacher Performance as the dependent variable. This type of research is quantitative which uses primary and secondary data. The population in this study was 40 Madrasah Tsanawiyah Negeri 1 Muna teachers. The sampling technique used was saturated sampling with a sample size of 40 respondents. The data collection technique was carried out by distributing questionnaires to teachers and school principals. The data analysis technique uses multiple linear regression with the help of SPSS version 25 software. The results of this research show that financial and non-financial compensation has a positive and significant influence on teacher performance at Madrasah Tsanawiyah Negeri 1 Muna.*

**Keywords:** *Financial compensation, Nonfinancial Compensation, Performance.*

### **INTRODUCTION**

In an educational institution, teachers have a very important role and position. Regarding educational institutions, teachers are educators whose primary task and function is to improve the quality of education at their workplace. In order to perform their duties and functions optimally, teachers are expected to have high performance in their work at their respective institutions.

A teacher is said to have high performance if they understand the true meaning of performance and must prove it in practice by carrying out their duties. The performance of a teacher can be seen from the way the teacher completes their tasks. The result of this teacher's performance is the students' good academic achievements.

The performance of a teacher can be well reflected if the results of the teacher's performance are also well appreciated. One of the things that can improve teacher performance is the provision of compensation or rewards, whether in the form of money, allowances, or other facilities in accordance with existing policies.

The provision of compensation is one way to foster enthusiasm in work. Teachers who are passionate about teaching can easily improve their performance, and providing compensation to teachers can also enhance their well-being and impact their performance.

It is only fitting that an institution, in this case, an educational institution, provides compensation as a form of reward to educators. Educators should also provide their best performance capabilities to the school where they work. The compensation provided must be commensurate with what the educator contributes because the school must be fair to all educators, so that the educators can perform well for the school.

Compensation is one of the important factors and a focus for many institutions in retaining and attracting quality human resources. Various institutions compete to obtain quality human resources because the quality of work results is determined by the competencies possessed by the human resources. This reason leads many institutions to allocate relatively large amounts of funds to develop their human resources to have competencies that meet their needs.

Teacher performance is the level at which teachers meet job requirements. Meanwhile, Suprihanto stated that a teacher's performance is essentially the result of someone's work over a certain period compared to the possibilities, such as standards, targets, or goals, or performance that have been predetermined and mutually agreed upon.

Providing fair and just compensation will increase teachers' productivity to complete their work on time. Thus, consumers will be pleased to collaborate with the Institution because the work will be completed on time or even before the specified deadline.

It cannot be denied that the primary motivation for most people to become educators in schools, aside from teaching, is to earn a living. Therefore, compensation

is seen as one of the challenges that school management must face. Compensation is a structure used by institutions to reward employees for their contributions and performance in achieving the institution's goals. This includes various forms of compensation, such as salaries, allowances, bonuses, and other benefits given to teachers as recognition for their work. That's why a school should pay more attention to what compensation is and all the aspects that encompass it. If an institution cannot develop and implement a satisfactory Compensation, then the institution will not only lose its skilled and highly capable personnel but also fall behind in competition with other institutions. That's why we, as prospective managers of educational institutions, must understand what compensation is, especially in human resource management.

One of the motivations for someone to pursue work achievements in an educational institution is the presence of compensation. It is a fundamental human nature to strive to be better, to advance from their current position; therefore, they seek some form of encouragement in their lives.

Teachers with the status of Civil Servant State Civil Apparatus (ASN) amount to 40 people, with rank/group IV/a totaling 9 people with a salary range of Rp3,044,300 - Rp5,000,000, IV/b totaling 2 people with a salary range of Rp3,426,900 - Rp5,628,300, III/a totaling 4 people with a salary range of Rp2,785,700 - Rp4,575,200, III/b totaling 2 people with a salary range of Rp2,903,600 - Rp4,768,800, III/c totaling 1 person with a salary range of Rp3,026,400 - Rp4,970,500, and III/d totaling 2 people with a salary range of Rp3,154,400 - Rp5,180,700. Meanwhile, teachers with the status of Government Employees with Work Agreements (PPPK) with rank/group IX total 10 people with a salary range of Rp2,966,500 - Rp4,872,000. On the other hand, Non-Permanent Teachers (GTT) total 10 people with a salary range of Rp300,000 - Rp1,000,000. The difference in status and rank/group affects the amount of compensation received by the teachers of Madrasah Tsanawiyah Negeri 1 Muna. Providing fair and correct compensation greatly influences the performance of teachers. Performance is about doing the work and the results achieved from that work. Performance is about what is done and how it is done. Performance is the result of work that has a strong connection with the strategic goals of the institution, customer satisfaction, and economic contribution.

The success of a teacher's performance will have a positive impact on learning, especially the success in achieving goals within the learning process. The results of a teacher's performance can also be seen from the success of school management and the success of students, namely the achievements attained by their students. All of that will not be separated from the good performance of its educators. So the reason the researchers conducted this study is based on the phenomenon observed after field observations and interviews with several teachers, many of whom said that the

compensation received does not match the performance given, especially for teachers classified as Government Teachers with Work Agreements (PPPK) and Non-Permanent Teachers (GTT), resulting in suboptimal performance.

## **RESEARCH METHOD**

The method used in this research is quantitative research. According to Kurniawan & Puspitaningtyas (2023:16), quantitative research is a systematic scientific study based on positivist philosophy used to investigate specific populations and samples. Quantitative research uses questionnaires for data collection. Then the obtained data includes the respondents' answers regarding the questions or items posed.

According to Kurniawan & Puspitaningtyas (2016:18), research design is the structure or details of the research that can provide an overview and direction of where the research should be conducted, as well as an overview of when the research will be completed and implemented. According to McCombes (2019: 19), research design, also known as research strategy, is a plan to answer a series of research questions. In this section is a framework that includes methods and procedures for collecting, analyzing, and interpreting data. Therefore, a good research design will result in effective and efficient research.

The population in this study consists of 40 people, which includes all the teachers of Madrasah Tsanawiya Negeri 1 Muna. The population in this study is less than 100 people, so the sample in this study is the entirety of the teachers of Madrasah Tsanawiya Negeri 1 Muna.

A sample is a part of that population. The sample used in this research is the Probability Sampling method. According to Sugiyono (2017: 53), probability sampling is a sampling technique that provides an equal opportunity for each element or member of the population to be selected as a sample.

The determination of the sample in this study is saturated sampling. According to Sugiyono in Marhumi et al. (2022: 16), saturated sampling is a sampling technique when the entire population is used, and the sample to be used in this study is 40 respondents, namely the teachers of Madrasah Tsanawiyah Negeri 1 Muna.

According to Kurniawan and Puspitaningtyas (2023:88), data analysis is the stage conducted after all research data has been collected. Data analysis is a method for analyzing, studying, and managing specific data so that clear conclusions can be reached about the issues being researched and discussed. In this research, the method used is Quantitative Analysis. Quantitative analysis is an analysis used to statistically

analyze data, with the collected data being analyzed using statistical techniques. The data obtained were processed using SPSS software (Statistical Product and Service Solution). The data analysis techniques used included descriptive analysis techniques, data quality tests (including validity tests, reliability tests), classical assumption tests (including normality tests, multicollinearity tests, and heteroscedasticity tests), influence tests (including multiple linear regression analysis and coefficient of determination tests), and hypothesis tests, namely partial test/T-test, simultaneous test/F-test.

## **RESULT AND DISCUSSION**

### **1) The Influence of Financial Compensation (X1) on Teacher Performance (Y)**

The research results show that the relationship between Financial Compensation and Performance has a t-value greater than the t-table ( $2.479 > 1.683$ ) and a significance value of 0.018, which is less than 0.05, as well as an unstandardized regression coefficient (B) value of 1.235. This indicates that financial compensation has a positive and significant effect on teacher performance at Madrasah Tsanawiyah Negeri 1 Muna. This indicates that H1 is accepted. Financial compensation has a significant impact on teacher performance, as revealed by several recent studies. González (2020) found that fair and competitive compensation not only increases job satisfaction but also encourages teachers to achieve higher performance targets. This shows that teachers at Madrasah Tsanawiyah Negeri 1 Muna who receive adequate financial compensation tend to show better performance in teaching.

Based on the results of the questionnaire testing conducted by the researcher, it was found that the highest values for each indicator indicate that the financial compensation aspect has the most significant impact on performance. On the salary indicator, the highest statement is "The salary policy information provided by the institution is clear and transparent" with a score of 175. This emphasizes that the transparency of the salary policy greatly influences teacher satisfaction and trust. When the salary policy is communicated clearly and openly, teachers feel more comfortable and confident in the existing compensation system, which in turn encourages an improvement in their performance. Additionally, on the incentive indicator, the statement "The incentives provided help me improve the quality of my work" received the highest score, which is 177. This indicates that incentives have a direct and significant impact on teachers' performance. Fair incentives that align with their contributions can enhance motivation and work spirit, leading teachers to strive more to improve the quality of their work. Thus, incentives have proven to be an important factor that positively influences performance improvement. And on the allowance indicator, the highest statement is "The allowances provided by the institution meet my needs" with a score of 174. This shows that allowances that meet

the needs of teachers are highly valued and play an important role in supporting their well-being. Adequate and relevant allowances help increase teacher job satisfaction, which ultimately contributes to the improvement of their performance. Overall, financial compensation in the form of salaries, incentives, and allowances has a positive and significant impact on teacher performance.

Research supporting that financial compensation partially has a positive and significant effect is the study by Sharma & Piti (2020) titled "The Effect of Compensation on Employee Performance in Schools." They found a financial compensation coefficient value of 0.65 ( $p < 0.01$ ), indicating a significant effect of compensation on employee performance. This means that every increase in compensation is associated with an increase in performance.

## **2) The Influence of Non-Financial Compensation (X<sub>2</sub>) on Teacher Performance (Y)**

The research results show that the relationship between Non-Financial Compensation and Performance has a t-value greater than the t-table ( $3.082 > 1.683$ ) and a significance value of 0.004, which is less than 0.05, as well as an unstandardized regression coefficient (B) value of 1.983. This indicates that Non-Financial Compensation has a positive and significant effect on the performance of teachers at Madrasah Tsanawiyah Negeri 1 Muna. This indicates that H<sub>2</sub> is accepted. Non-financial compensation at Madrasah Tsanawiyah Negeri 1 Muna can positively influence teacher performance, as Husna and Mardiana (2021) found that non-financial compensation, which includes recognition, skill development, and a positive work environment, enhances employee performance, including teachers. The results of the analysis show that teachers who feel valued non-financially are able to perform better. By applying the outlined non-financial compensation principles, Madrasah Tsanawiyah Negeri 1 Muna can improve teacher performance and, in turn, enhance the quality of education provided to students.

Based on the results of the questionnaire testing conducted by the researcher, it was found that the highest value for each indicator showing the highest value on the extrinsic reward indicator was in the statement "Extrinsic rewards help me feel more appreciated at work" with a score of 187. This indicates that teachers feel that external rewards, such as formal recognition, greatly help them feel appreciated at work. This award significantly impacts their motivation to work harder and improve performance. With the presence of tangible and direct rewards, teachers feel that their contributions are duly recognized, which fosters work enthusiasm and a sense of satisfaction in the work environment. Additionally, on the intrinsic reward indicator, the highest statement is "The provision of intrinsic rewards is in accordance with my achievements and contributions" with a score of 175. Teachers feel that intrinsic rewards, such as non-material recognition, a sense of achievement, or opportunities for growth, are commensurate with the efforts and contributions they have made. This award not only provides personal satisfaction but also encourages them to

continue improving their performance because they feel appreciated for their achievements. The alignment between intrinsic rewards and the contributions made strengthens internal motivation, which plays a crucial role in creating sustainable and high-quality performance.

Research supporting that Non-financial Compensation partially has a positive and significant effect includes Sari & Rahayu (2021) titled “The Impact of Compensation on Teacher Performance.” They found a t-value for non-financial compensation of 3.45 ( $p < 0.01$ ), indicating a significant effect of compensation on employee performance. This means that every increase in compensation is related to an increase in performance.

### **3) The Influence of Financial Compensation (X<sub>1</sub>) and Non-Financial Compensation (X<sub>2</sub>) on Teacher Performance (Y)**

Based on the research results, it shows that the relationship between Financial and Non-Financial Compensation on Performance has a calculated f value greater than the table f value,  $5.366 > 3.252$ , and a significant value of  $0.009 < 0.05$ . Additionally, the significant relationship is also indicated by the R Square value of 53%, which shows the contribution of Financial and Non-Financial Compensation to Teacher Performance. Therefore, it can be concluded that H<sub>3</sub> is accepted. So, Financial Compensation and Non-Financial Compensation simultaneously have a positive and significant effect on the Performance of Teachers at Madrasah Tsanawiyah Negeri 1 Muna. Rivai and Sagala (2020) stated that the combination of financial and non-financial compensation can enhance teachers' overall motivation, which ultimately has a positive impact on performance. They emphasize that the two forms of compensation complement each other. Financial compensation provides direct incentives to employees, while non-financial compensation such as recognition and rewards offers important emotional boosts in creating a positive work environment.

Previous research supports that Financial Compensation and Non-Financial Compensation simultaneously affect teacher performance, namely (Fatmawati & Abdurrahman 2021). Where the research results show that financial and non-financial compensation simultaneously have a significant effect on teacher performance with an F value of 13.34 and a p-value of 0.000. The t-value for financial compensation is 3.22 ( $p = 0.002$ ), while non-financial compensation has a t-value of 2.97 ( $p = 0.004$ ).

## **CONCLUSION**

Based on the research results and discussions that have been presented previously, conclusions can be drawn from the study regarding the Influence of Financial and Non-Financial Compensation on Teacher Performance at Madrasah Tsanawiyah Negeri 1 Muna, with a sample of 40 respondents as follows:

1. Financial Compensation partially has a positive and significant effect on teacher performance at Madrasah Tsanawiyah Negeri 1 Muna.
2. Non-Financial Compensation partially has a positive and significant effect on teacher performance at Madrasah Tsanawiyah Negeri 1 Muna.
3. Financial and Non-Financial Compensation simultaneously has a positive and significant effect on teacher performance at Madrasah Tsanawiyah Negeri 1 Muna.

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