

Analysis of Reward and Compensation Effect on Market Performance through Improving Motivation in PT ALLIANZ Life Indonesia Medan Branch

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ABSTRACT

At present the performance of insurance agents, rewards, compensation and motivation in PT ALLIANZ Life Indonesia Medan branch is indicative of a decline in insurance agent performance. The purpose of this study was to analyze the effect of reward and compensation on the performance of marketing personnel and also the effect of reward and compensation on the performance of marketing personnel through the motivation of PT ALLIANZ Life Indonesia Medan branch. In this study a structured questionnaire instrument with a 5-point interval scale was used to measure the performance of marketing staff, reward, compensation and motivation from PT ALLIANZ Life Indonesia, Medan branch. The population in this study were 330 companies with a total sample of 60 companies. The data obtained were analyzed using multiple linear regression. This study shows that reward and compensation have a significant effect on performance.

Keywords: reward, compensation, motivation and performance

BACKGROUND

The insurance business is now full of competition, to win the competition, the company must be able to provide satisfaction to its customers, dissatisfied customers will leave the company and become customers of other companies who can provide better satisfaction, in the end the company's profits will decrease. Due to high competition, some insurance companies want to dominate the market by raising their service quality standards and

always motivating employees so that the resulting performance is also good so that the services provided by employees can satisfy insurance customers. In an effort to maintain customer satisfaction, the company is expected to be able to retain qualified employees / agents and keep them motivated, one of which is by implementing a certain system or strategy to provide a balance between the expected contribution and what has been given in the form of rewards or awards. Good rewards are an effective way to engage agents with work.

Employee contribution is very important to support the success of any company, especially companies engaged in the service sector. Because employees have the ability to influence buyers' perceptions, employees are part of the service itself. So that for customers, employees function as communicators as well as representatives of the company's image. Employee performance is shown through the quality of service provided to customers so that the company can evaluate the quality of employee service.

The reward system plays an important role for the company in terms of attracting and retaining quality agents to achieve even better performance. The reward received by agents will make them feel valued by the company and feel that the company is seriously involved in their career development. Agents have different needs and perceptions of rewards, there are agents who think that monetary rewards are

sufficient to meet their needs, others also want rewards that are more intrinsic, such as giving a role in decision making, greater responsibility, freedom and greater freedom of work with the aim of increasing self-esteem and so on. The impact and different perceptions of agents in this regard cannot be denied that basically the two types of rewards can be used positively to increase agent performance.

The impact of giving rewards on performance, researchers are interested in conducting research with the Medan Branch of Allianz Insurance as the object of research. Allianz Insurance is one of the largest insurers in Indonesia, in accordance with its vision to become the primary insurance choice in society that acts as future protection for the community. PT ALLIANZ Life Indonesia Medan Branch has decreased the number of customers almost every year, this indicates that the sales force or insurance agent is not optimal in working so that it has an impact on the decreasing number of customers. This indicates that the motivation of the salesperson or insurance agent cannot be said to be maximal because the insurance sales target has not been realized.

Performance

According to Siswanto in Muhammad Sandi (2015), performance is an achievement achieved by a person in carrying out the tasks and jobs assigned to him. According to Rivai in Muhammad Sandy (2015), it provides an understanding that performance or work performance is the result or level of success of a person as a whole during a certain period in carrying out a task compared to various possibilities, such as standard work results, targets or targets or criteria that have been predetermined. First and mutually agreed factors that influence performance achievement are the ability factor (ability) and the motivation factor (motivation). This is in accordance with the opinion of Keith Davis in Mangkunegara (2005) which states that:

a. Ability Factor

Psychologically, the abilities of employees consist of achievement abilities (IQ) and reality abilities (knowledge + skills). This means that employees who have an IQ above average (IQ 110-120) with adequate education for their position and skilled in doing daily work will find it easier to achieve the expected performance. Therefore, employees need to be placed in jobs that are in accordance with their expertise (the right man in the place, the right man on the right job).

b. Motivation Factors

Motivation is formed from the attitude of an employee in dealing with work situations (situations). Motivation is a condition that moves employees who are directed to achieve goals.

Work motivation

Motivation is a conscious effort to influence someone's behavior so that it leads to the achievement of company goals. The process of arising one's motivation is a combination of the concepts of needs, encouragement, goals and rewards. This encouragement is intended to activate the people or agents so that they are excited and can achieve the desired results. So, work motivation is something that creates a boost or morale. Several factors can affect work motivation, including: superiors, collectors, physical facilities, wisdom, regulations, rewards, types of work, and challenges.

Frederick Herzberg's theory explains that the factors that cause people to be motivated or committed are different from the factors that produce job satisfaction. The motivational factor is related to the nature of the work itself and the rewards that are obtained intrinsically and directly from work performance. Hygiene factors relate to the physical, social and extrinsic aspects of the work environment. Factors that act as motivators for agents, namely those who are able to satisfy and encourage to work well, consist of:

1. Promotion

2. Promotion of position
3. Confession
4. The work itself
5. Awards
6. Responsibility
7. Success at work
8. Personal growth and development

Meanwhile, hygienic factors include:

1. Salary
2. Working conditions
3. Status
4. Quality of supervision
5. Relationships between persons
6. Company policy and administration

Rewards

Rewards are all income in the form of money, direct or indirect goods received by employees as rewards or services provided to the company (Hasibuan, 2007). Reward programs are important for organizations because they reflect the organization's efforts to maintain human resources as the main component and the most important cost component. Besides these considerations, reward is also a meaningful aspect for employees, because for individuals or employees, the amount of reward reflects the size of the value of their work among the employees themselves, their families, and the community (Sulistiyani and Rosidah, 2003).

Compensation

Susilo Martoyo (2000) argues that compensation is the overall arrangement for the provision of remuneration for "employers" and "employees", both directly in the form of money (financial) and

indirectly in the form of money (non-financial). According to Handoko (2011) describing compensation is giving to employees with financial payments as remuneration for work carried out and as a motivator for the implementation of activities in the future. The dimensions and indicators of compensation are in accordance with those in the regulations and in the form of salaries, bonuses, wages, this is in financial compensation but in non-financial insurance, benefits and so on. Each company has different indicators in the process of providing compensation for employees.

Juliandiny (2016) in his research on Compensation and Work Motivation on Contract Nursing Performance in Subang General Hospital states that compensation and motivation have a positive influence on employee performance of Subang General Hospital with a strong correlation level. Compensation has a positive influence on employee performance with a very strong correlation level, the higher the employee's performance. Work motivation has a positive influence on employee performance with a very strong correlation level. This is also supported by the research of Ricky and Jati (2017) in their research on the effect of reward on performance with organizational commitment to employee performance at BCA KCU Bandar Lampung, which states that there is a positive impact on the organization.

Conceptual Framework

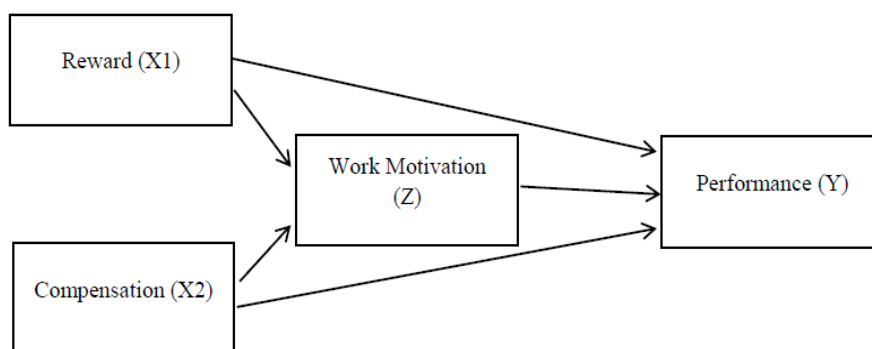


Figure 1: Conceptual Framework

Hypothesis

H1: Reward has an effect and is significant on the motivation of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

H2: Compensation has an effect and is significant on the motivation of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

H3: Reward has an effect and is significant on the performance of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

H4: Compensation has an effect and is significant on the performance of the sales force of PT ALLIANZ Life Indonesia Medan Branch

H5: Motivation has a significant and significant effect on the performance of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

H6: Reward has a significant and significant effect on performance through the work motivation of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

H7: Compensation has a significant and significant effect on performance through the work motivation of the sales force of PT ALLIANZ Life Indonesia Medan Branch.

RESEARCH METHODS

Based on the formulation of the problem and the objectives of this study, this type of research is correlational research, which is research, carried out with the aim of detecting the extent to which variations in a factor are related to or correlated with one or more other factors based on the correlation coefficient (Sinulingga, 2016). The population in this study were all salespeople or insurance agents from PT ALLIANZ Life Indonesia Medan Branch totalling 330 agents. In this study, the sampling technique used simple random sampling of 60 people. Primary data is data obtained by researchers directly from the source of the object to be examined, namely from the results of distributing

questionnaires to respondents and from the results of short interviews with the leadership of PT ALLIANZ Life Indonesia, Medan Branch. Data processing was done using SPSS.

RESULT AND DISCUSSION

Multiple Regression Results

The test results for the coefficient of determination can be seen in the Model Summary table. So that it can be seen the correlation between the dependent variable and the independent variable through the amount indicated by the value of R and Adjusted R Square as in the following table:

Table 1: Coefficient of Determination (R-square)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674 ^a	.454	.425	2.24195

The coefficient of determination (R Square) is 0.454. This means that 45.4% of the sales force performance of PT ALLIANZ LIFE INDONESIA Medan Branch is by the variable reward, compensation, motivation in this study, while the remaining 56.4% is influenced by other variables outside the independent variables used in this study.

Test Simultaneously

Table 2: Simultaneous Test (F)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	234.457	3	78.152	15.549	.000 ^b
	Residual	281.476	56	5.026		
	Total	515.933	59			

From Table 2, the calculated F value obtained is 15.549, greater than F table 2.37 (F count > F table) with a significance level of 0.05. With a probability of 0.00 or less than 0.05. So H0 is rejected and H1 is accepted, in other words there is an effect of reward, compensation, and motivation on the performance of PT ALLIANZ LIFE INDONESIA Medan Branch.

Path Analysis

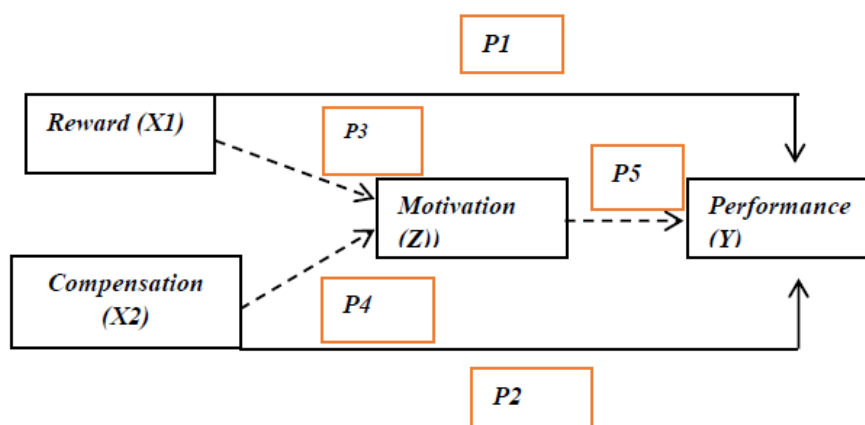


Figure 1: Variable Relationship Through Path

Table 3: Path Analysis Results

	Variable	Standardized Coefficients Beta	T count	T Table	Sig	Conclusion
P1	X1 → Y	0.166	0.973	2.004	0.335	Has no significant effect
P2	X2 → Y	0.178	1.271	2.004	0.209	Has no significant effect
P3	X1 → Z	0.624	6.119	2.004	0.000	Significant Effect
P4	X2 → Z	-.0259	2.541	2.004	0.014	Significant Effect
P5	Z → Y	0.396	2.299	2.004	0.025	Significant Effect

Performance Model with intervening variables

The Performance Model (Y) with the intervening variables used in this study are as follows: Variable Reward (X1), Compensation (X2) is assumed to have a direct effect on performance (Y). Another variable, namely motivation (Z), which acts as an intervening variable, is assumed to affect performance (Y).

Effect of reward on motivation

It appears that the reward value of the multiple regression efficiency results is 0.624 with a t value of 6.119, with a significance of 0.000 and less than 0.05, which means that the regression model has a significant and significant effect on the motivation where H1 in this study is accepted. These results indicate that the higher rewards given to employees in this case regarding bonuses, welfare, praise and psychological rewards can increase employee motivation. Basically, reward is an effort to foster a feeling of being accepted (recognized) in the work environment, which touches the aspects of compensation and aspects of the

relationship between one worker and another (Nawawi, 2005).

Effect of compensation on motivation

It appears that the value of job satisfaction from the results of the multiple regression coefficient is 0.259 with a t value of 2.541 with a significance of 0.014 and less than 0.05, which means that the regression model has a positive and significant effect or in this case H2 in this study which states that compensation has an effect and significant to the motivation received. Compensation is a motivator for employee motivation. One of the triggers for employee work is the fulfillment of basic needs that are obtained by working. Poonam and Kaur (2015) in their research concluded that there is a positive relationship between compensation for work motivation, if the compensation is managed effectively directly it will affect the increase in employee motivation.

The effect of rewards on performance

It appears that the reward value from the results of the multiple regression coefficient is 0.166 with a t value of 0.973, a

significance of 0.335 and greater than 0.05, which means that the regression model has no significant effect or the hypothesis H3 in this study states that reward has an effect and is significant against performance is denied.

One of the functions of reward is to be used as an incentive for employees to be able to perform optimally, in accordance with the reward objectives stated by Ivancevich (2000) where one of the goals of rewards is to motivate employees to achieve high levels of performance. Based on the results of regression analysis, it appears that the reward does not affect the level of employee performance.

Effect of Compensation on performance

It appears that the compensation value from the results of the multiple regression coefficient is 0.178 with a t value of 1.271, a significance of 0.209 and greater than 0.05, which means that the regression model has no significant effect or H4 in this study which states that compensation has a significant effect on performance is rejected.

Effect of motivation on performance

It appears that the motivation value from the results of the multiple regression coefficient is 0.396 with a t value of 2.299 with a significance of 0.025 and less than 0.05, which means that the regression model is significant and influential or H5 in this study which states that motivation has a significant and significant effect on performance received. In this study, it can be seen that motivation is a factor that affects performance. Based on the study above, it can be seen that work motivation has an influence on employee performance. Two things related to performance are the motivation and willingness of employees to work, which gives rise to employee efforts and the ability of employees to carry them out.

Effect of reward, compensation and motivation on performance

There is an influence between reward, compensation, and motivation on performance seen from the calculated F value obtained is 15.549 greater than F table 2.37 (F count > F table) with a significance level of 0.05, it can be concluded that reward, compensation, and motivation collectively have a positive and significant effect on performance.

Effect of reward and compensation on motivation

There is an influence between reward, compensation and motivation seen from the calculated F value obtained is 58.170 greater than F table 2.37 (F count > F table) with a significance level of 0.05, it can be concluded that reward and compensation together have a positive effect and significant on motivation.

CONCLUSION

1. There is a significant direct influence between motivation on the performance of the sales force of PT Allianz Life Indonesia branch in Medan
2. Reward, compensation and motivation together have an effect on the performance of the sales force of PT Allianz Life Indonesia Medan branch.
3. Reward and compensation have an effect on the work motivation of the sales force of PT Allianz Life Indonesia Medan branch both partially and simultaneously.

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