

The Effect of Compensation toward Job Satisfaction and Job Performance of Outsourcing Employees of Syariah Banks in Malang Indonesai

SOPIAH,

Dept. Of Management, State University of Malang,

Jl. Semarang 5, Malang 65145, Indonesia

Telp. (0341) 552-888, E-mail: sopiahsangadji@gmail.com

Accepted: March 10, 2013 Published: May 01, 2013

Doi:10.5296/ijld.v3i2.3612 URL: <http://dx.doi.org/10.5296/ijld.v3i2.3612>

Abstract: The utilization of manpower outsourcing model has now become a trend in the recruitment of labor by companies in Indonesia. This system of outsourcing was initially applied to manufacturing companies only but lately banking companies also use this as a model of recruitment, therefore in the banks there are two types of employees, namely permanent employees and employees or outsourcing contract status. Whether the compensation give job satisfaction to the employees is the question, and the next question is whether their job satisfaction also affects their performance. Outcomes research concluded: (1) Compensation received by outsourcing employees of Syariah banks in the city of Malang, both financial and nonfinancial compensation in generally perceived as the level of satisfaction, quite satisfied and very satisfied (2) Job satisfaction of outsourcing employee of Syariah banks in the city of Malang, perceived level quite satisfied, dissatisfied and very dissatisfied (3) Performance of outsourcing employees of Syariah banks in the city of Malang is in pretty good level, good and very good (4) There is a significant positive financial compensation on employee performance directly (5) There is a significant positive financial compensation to performance through job satisfaction (6) There is the influence of nonfinancial compensation on employee performance directly (7) There is a significant positive nonfinancial compensation on employee performance through job satisfaction. From these results suggested (1) For Syariah banks: The results showed that employees claimed financial compensation, nonfinancial compensation received has been good, quite good and very good encourage outsourcing employee job satisfaction and employee performance. Therefore, these conditions must be maintained in order the system develops during this revamped as implemented in other companies outside Syariah banking, which in turn can cause turbulence (2) For other companies and governments need to adopt the use of labor outsourcing models practiced in Syariah banking. Where recruitment patterns prepared by the association of Syariah banking, so it does not harm the employee income since no deduction of wages or salaries of employees upon acceptance of employment. In addition, within the specified time employees can be recruited as permanent employees on Syariah banking, if the model is implemented in Indonesia, it will reduce the demonstrations in the streets and can ensure future employees.

Keywords: Job Satisfaction, JobPerformance

1. Introduction

The utilization of manpower outsourcing model has now become a trend in the recruitment of labor by companies in Indonesia. There are many companies that provide outsourcing workforce who are actively offered to companies in Indonesia to recruit prospective employees from them. The main consideration the use of force by the outsourcing company is not directly related to labor contracts in terms of salary or wages but the company is dealing with the provider of labor so as to eliminate conflict possibility between companies and labor in the event of disputes in payment of wages or another employee benefits. Outsourcing system was initially applied to manufacturing companies only but lately banking companies also use this as a model of recruitment that the banks. There are two types of employees, namely permanent employees and outsourcing contract status employees. In developed countries the use of labor outsourcing employees is something usual (Syilbi, et.al, 2011), this is due to large-scale companies and many types of work that need to be handled a lot of different types of labor skills. In general, those who are into this outsourcing labor force is classified as Good Skill (High Skill) I, not unlabour skill power, so that the company's bargaining position was strong enough. It is inversely proportional to the labor force in Indonesia. Generally they have unlabour skill so that their bargaining position is very weak. The general impression in Indonesia seems that outsourcing model more harms employees because they do not have a right to a pension or obtain health insurance etc. This condition makes a lot of denial going on a demonstration against the model of outsourcing. However, because the number of job seekers in Indonesia is so high while the employment is limited then they must accept any conditions of a outsourcing labor. The question now is whether with the status of outsourcing employees, they receive good compensation in the form of financial and nonfinancial compensation. Then if the compensation they receive can give job satisfaction to them, and the next question is whether their job satisfaction also affects their performance. The researchers are interested in examining the outsourcing labor because there are not many research trying to explore or try to uncover issues that they receive the compensation effect on job satisfaction and employee performance. The study was conducted in Syariah banks in the city of Malang on the grounds that it turns out Syariah banks also use outsourcing labor. If the power usage at other companies outsourcing often cause problems, such as a demonstration, the rejection of this outsourcing model, but why those things did not happen to Syariah banking, though they also use outsourcing labor. Is the compensation received adequate satisfaction for outsourcing employee in Syariah banking has a different system with the systems in other companies?. These questions that have promoted the authors conducted this research. The other reason the research on Syariah banks is as follows: In recent years, Syariah banking continues to show progress faster than expected. Conventional banks began racing open Syariah division seeing such a high public interest in Syariah banking products. Things to encourage banks to try its luck in this field is none other than the amount of market share. Inevitably, the more banks that engage in the Syariah banking industry, which is increasingly keen competition triggers to get customers. Recent data suggest, until May 2004, Syariah banking assets reached Rp 111.56 trillion, or 131 percent compared to the same period in 2003, amounting to Rp 5 trillion. The portion of the assets of Syariah banks penetrating conventional banks have reached 1 percent (Kompas, 26 February 2004). Seeing the development of Syariah banking is increasingly rapidly, Chairman of the Indonesian Association of Syariah Banking (Asbisindo) Wahyu Dwi Agung estimates, expectations of Banks Indonesia (BI) to share of Syariah banking assets reached 5 percent in 2011 could be more quickly realized in the year 2007. Meanwhile, Deputy Governor of BI, Maulana Ibrahim, said Syariah banking is in the rapid growth phase. Although its contribution is small, the form of support for Syariah banks to the real sector is very real, especially for the medium business sector, small and micro enterprises (SMEs) that portion of

financing more than 90 percent. According to BI data, (Info Bank, September 2005) Syariah banking funds raised as of May 2004 reached Rp 7.77 trillion, up 34.9 percent compared to the end of 2003. The financing disbursed Rp 7.56 trillion, up 35.87 percent compared to the end of 2003. The ratio of third-party financing to fund (financing to deposits ratio / FDR) Syariah banking as of May 2004 reached 97.26 percent, compared to December 2003 amounted to 96.57 percent. The number of Syariah banks are also increasingly from time to time. Currently there are 10 Syariah banks, which consists of two banks, namely Bank Muamalat and Bank Syariah Mandiri, and eight Syariah Business Unit (UUS), PT Bank IFI, Bank Negara Indonesia, Bank Jabar, Bank Rakyat Indonesia, Bank Danamon, Bank Bukopin, Bank International Indonesia and HSBC. Syariah banks will likely grow four more, the BTN, Bank Permata, Bank Niaga and Bank Syariah Mega Indonesia. Analysts and the practitioners themselves estimate that the economy has been reinforcing the competitive landscape since the National Syariah Council (DSN) is still promising licensing Syariah banks opening up to 20 by the end of the year. Interestingly, the segment which worked each industry because they realize not all segments have an interesting business prospect. When the number of players in the Syariah banking industry can still be counted on the fingers and the capacity was not large, the target of a new segment covers a small portion of Muslims in Indonesia entities. If Syariah banks made progress then allegedly employees working in Syariah banking is working properly including the compensation they receive. But this is still a conjecture, therefore it is necessary to take the research topics: “The Effect of Compensation Toward Job Satisfaction and Performance of Outsourcing Employees of Syariah Banks in Malang”.

One way used by management to improve the performance, to motivate and to increase employees' job satisfaction is through compensation (Mathis and Jackson, 2000). Basically, compensation is something that employees received as remuneration for their work. Simamora (2004) says that compensation in the form of financial is important for the employees, because with the compensation they can directly fulfil their needs, especially the needs of physiology. However, the employees must also hope that it receives compensation in accordance with the sacrifice that has been given in the form of nonfinancial also very important for the employees especially for their career development. In researches by Yukl and Latham, 1975; Latham and Pursell, 1976; Yukl, Wexley and Seymour, 1972 (cited by Wexley and Yukl, 1988) suggests that the incentive wage / salary does not give consistent results on the performance of the employees. According Prawiro Sentono, 1999 performance will be well when the employees are paid or the salary is in accordance with the agreements. The results are consistent with a recent study conducted by Benjamin R et.al. (2012) with the title *Explaining Outsourcing Performance In Uganda's Commercial Banks*, the financial compensation is very influential on the performance of outsourcing employees in commercial banks in Uganda. This effect is more common in lower-level employees and employees who had joined. Another study also conducted by Muneeb Ahmad et al (2012) entitled *Causes on Increasing Demand of Outsourcing Employees and Its Impact on Pakistan Business*, the results showed no positive effect of financial compensation on employee performance.

Compensation system also has potential as one of the most important means of influencing satisfaction levels and forms of behavior. However, many organizations overlook potential by a perception that “compensation is no more than a cost that must be minimized”. Without realizing some organizations that ignore the potential importance and have perception mistakenly put the system precisely as a means of improving behavior is not productive or counter-productive. Generating a number of personal problems such as decreased motivation, low job satisfaction, employee performance decreased, decreased labor discipline, high turn over, irresponsible believed to stem from the disproportionate compensation system. However, in essence, that any person or any individual having the views or feelings of satisfaction differently. At each level of an individual position or positions also have different views and

feelings on job satisfaction are also different. Employees with management positions (cargo chafia) have different job satisfaction from employees with a regular staff position. Or it could also be said that each grade / level in the classification of employees of Grade A, B, C, D, E, F, G vary. Differences in job satisfaction with the shape employees' attitudes toward work discipline also vary. The logic of employees with higher compensation and other support factors of job satisfaction will have a high level of job satisfaction, thereby affecting the behavior so that it will automatically affect the high level of discipline as well. Results of this study are also supported by a study of results is in line with research recent conducted by Benjamin R et.al. (2012) with the title *Explaining Outsourcing Performance In Uganda's Commercial Banks*, nonfinancial compensation that greatly affects the performance of the outsourcing employees of commercial banks in Uganda. This effect is more common in lower-level employees and employees who had entered. Another study also conducted Muneeb Ahmad et.al (2012) with the title *Causes on Increasing Demand of Employees Outsourcing and its Impact on Pakistan Business*, it showed a positive effect of nonfinancial compensation toward employees performance. According Hasibuan (2003), job satisfaction is the emotional attitude of fun and loves his job. This attitude is reflected by the morale, discipline and work performance. Job satisfaction enjoyed the job, off the job, and a combination of inside and outside of work. The satisfaction outside the job is the satisfaction employees enjoyed outside of work with the amount of remuneration to be received and the results of its work. So he can buy his needs. Employees who prefer to enjoy job satisfaction outside demand more remuneration than the performance of its duties.

According Hasibuan (2003) that job satisfaction affects the level of discipline of employees, which means that if the satisfaction derived from the work, therefore the discipline of employees is good. Conversely, if job satisfaction is less accomplished than his job then the discipline of employees is low. The same author concluded that job satisfaction is a key driver of morale, discipline, and employee performance in support of the realization of corporate objectives (Hasibuan, 2003). Harold E. Burt stated the opinions about the factors that can lead to job satisfaction. These factors intended are as follows: (1) the relationship between the employee factor, among others: (1.1.) Relationship between manager and the employees (1.2.) Factor of facility and working conditions (1.3.) Social relationship between employees (1.4.) Suggestion from coworkers (1.5) Emotions and work situation. (2) Individual factors, which are related to: (2.1.) Attitude towards work (2.2.) Age people at work (2.3.) Gender (newer research conducted by Lawler (1973), quoted Wexley & Yukl (1979). (3) External factors which is associated with: (3.1.) The employee's family situation (3.2.) Recreation Education (training, up-grading, etc.) (Harold E. Burt in As'ad, 2008).

According to Ghiselli and Brown (1950 in As'ad, 2008) suggested five factors that lead to job satisfaction, namely (a) position (position), (b) rank (group), (c) age, (d) Financial Guarantees and warranties social, (e) quality control. Hulin (1996 in As'ad, 2008) suggests that often in ways that are taken to improve the management of employee work productivity by raising salaries or wages of labor is a key factor to achieve job satisfaction. From some expert opinion above, As'ad (2008) summarizes the factors that influence job satisfaction consists of four factors namely: psychological factors, social factors, physical and financial factors.

To improve the performance of employees was not only through financial compensation alone but also through non-financial compensation. In Maslow's theory of motivation by the Mar'at (2005) that financial compensation is only effective to improve the performance, especially for employees who are new to the work and the employees received a lower level. But for long-time employees and employees working at middle to upper levels, they actually require more nonfinancial compensation. Nonfinancial compensation in the form of awards for their work performance, providing the opportunity for self-actualization, etc. In detail, nonfinancial compensation is comprised of: (a) Employment. Non-financial compensation from the challenging work tasks interesting, responsibility, and recognition. These employees tend to prefer jobs that provide an opportunity to assess their ability to work and challenge in work (b) Work Environment. Non-financial compensation stemming

from the work environment such as social status may be, the pride of the employees and a pleasant working environment. The employees care about the working environment both for personal comfort or to ease the task well. For most employees work also fills the need for social interaction. Therefore, it can be concluded that co-workers were friendly and supportive will provide increased job satisfaction. Working environment is the environment that surrounds the concrete and the abstract one. The work environment is the closest intended work environment that is directly felt by the employees in this case are the workers (c) Awards. Awards to employees are intended, so employees can succeed in implementing the opportunity to develop their own creative power to the job duties obligations and responsibilities. This is useful for employees in order to work towards achieving maximum results as expected. The award was given for the success of employees who can develop the power of creativity to the task of a good job, then the company should reward the achievements of employees (d) Promotion. Progress in this regard is promotion. This understanding is strengthened by Ranupanjojo and Husnan (1997) writing that "Promotion is a shift from one position to another higher position accompanied with an increase in salary or wages and other rights". Another compensation is supplementary which is according to Handoko, (2001) categorized into four, namely: (1) Payment of wages for time not worked (time of benefit): (1.1.) period of rest. Providing a break in the execution of the work, productivity can be increased. Shaped include rest periods, meal periods and time periods wash (wash or change clothes) (1.2.) Sick days. Each company provides an opportunity for employees to be absent from the job with the maximum number of sick days per year. To avoid misuse of this, the company requires every employee who does not work due to illness must show proof of a doctor (1.3.) Vacation leave. The Company generally follows the day-to-day official holiday in providing holidays for employees. Besides the company personnel policy often gives periods of leave during a certain time limit (1.4.) Other reasons.

The statement of Vroom gave many clues why job satisfaction and performance is interrelated each other despite the fact that both are caused by something different. Even Robbins (2007) stated the relationship of both is more appropriately called "the myth of management" and it is difficult to establish where the cause and effect relationship of both leads. However many researches found evidence that organizations with more satisfied employees tend to be more effective than organizations with less satisfied employees. Expectance theory of Vroom assumed that reward causes satisfaction and in some things probably performance generates a reward, then the chances of what happens between satisfaction and performance is through a third variable, namely reward. Put simply illustrated that good performance will result in rewards, which in turn will lead to satisfaction and employee performance. Furthermore job satisfaction on salary, promotion, supervision, etc. have direct and positive effect on performance. Rao (1996) adds that there are some things that can make employees more willing to perform the work, namely: (1) The employees will work hard if they felt needed by the organization (2) The employee would have worked better if they are clear about what is expected of them and if they occasionally authorized to change those expectations (3) The employees will work better if they feel that the organization provides opportunities for the achievement of their work to be appreciated and rewarded (4) The employees will work if they know that the organization provides opportunities to develop and as far as possible to use their abilities and (5) The employees would have worked better if they are trusted and treated with respect.

The focus of this study are :

1. To find out compensation earned by outsourcing employees in the city of Malang Syariah banks
2. To determine job satisfaction of outsourcing employees of Syariah banks in the city of Malang
3. To determine the performance of the outsourcing employees of Syariah banks in the city of Malang
4. To determine the effect of financial compensation on employees' performance directly
5. To determine the effect of financial compensation to performance through job satisfaction
6. To determine the effect of nonfinancial compensation on employees' performance directly
7. To determine the effect of nonfinancial compensation on employees' performance through

job satisfaction

2. Method

Based on the characteristic of the problem, the design of the study was categorized as explanation or explanatory research, namely the research that describes the influence of independent variables on the dependent variable through hypothesis testing. This study consists of the independent variable X is compensation, job satisfaction among variables (Z) and employees’ performance dependent variable (Y). Compensation consists of financial compensation (X1), nonfinancial compensation (X2), while the performance as the dependent variable (Y). As for the relationship between variables can be seen figure 3.1 as follows:

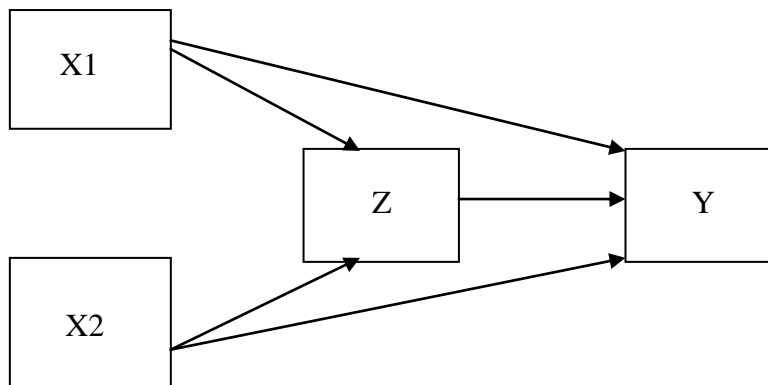


Figure 1 Research Model

Description:

X1 = Financial compensation variable

X2 = Nonfinancial compensation variable

Z = Middle variable

Y = Employees’ performance variable (dependent variable)

→ = Effect of the independent variables to and between the dependent variable

Population and Sample

a. Population

In this study, the population is all employees of Syariah banks in the city of Malang with the status as outsourcing employee. The size of the study population as 951, people (Source: researcher observations in March 2012)

b. Sample of The Research

The unit of analysis in this study is individual namely employees of Syariah banks in Malang. This study applied the respondents naturally, i.e., without any intervention or treatment, so that the respondents strongly in real terms objective. To determine the size of the sample in this study, it is used calculations using formula proposed by Fred N. Kerlinger (1998) as follows:

$$n = \frac{N}{1 + Ne^2}$$

Description:

n = sample size

N = population size

e = the percentage of allowances inaccuracy (precision) for making errors
samples are still tolerated or desired.

With a population size of 436 and a level of inaccuracy allowance of 5% then the number of samples of 141 people. Sampling technique used random sampling. This study is limited to three variables, namely the independent variable is the compensation (financial and nonfinancial), job satisfaction is an intervening variable and the dependent variable is the performance of the employees. Before the study started, first tested the validity and reliability of the instrument. The result shows that the instrument is worth using because it has met the test instrument validity and reliability. Data were collected using a questionnaire, and to confirm the material used method of documentation and interviews. Data analysis applied descriptive statistics and path analysis, completed with path analysis using SPSS statistical software. The steps that must be done in path analysis are as follows:

- 1) Formulates and Hypothetical structural equation.

Based on the picture above model the structural models formulated as below.

Structural Model: $Y = \beta_{yx1}X1 + \beta_{yx2}X2 + \dots + \beta_{yz}Z + \epsilon$

Calculating the path coefficients based on regression coefficients, which consists of

- 2) Drawing a complete path diagram, determine the structure and sub-structure equations formulated in accordance with the proposed hypothetical - Calculating the coefficients regression structure has been formulated. Of multiple regression equation is: $Y = \beta_{yx1}X1 + \beta_{yx2}X2 + \dots + \beta_{yz}Z + \epsilon$

- 3) Hypothesizing test model.

- 4) Accountability Testing Model

This test is done to determine how much influence all the independent variables to the dependent variable, and also know the coefficient of determination of total, total data variability can be explained by the model is measured by: $R^2 = 1 - \frac{P}{E}$. In this case the interpretation of the R^2 equal to the coefficient of interpolation determination.

- 5) Interpreting the results

Done by looking at significant coefficients how much value that have direct or indirect. Of the value of this coefficient can be seen where the variables that have a dominant influence and variables which are not.

- 6) Improving the model

To improve the structure used path analysis theory trimming is by removing it from the model independent variables were not significant path coefficients.

- 7) Hypothetical Test

Hypothetical test basis in this research are:

If the probability > real level that is chosen is 00:05 then H_0 received. This means that no partial effect of the independent variables to the dependent variable. If the probability <0.05 chosen real level then H_0 rejected. This means there is influence of independent variables on the dependent variable

3. Results

In general, the employee assumes financial compensation and nonfinancial compensation they received in the category of good. Job satisfaction, as well as being on the level of satisfaction, while the majority of the employee's performance is at a high level. The results of this study show that in developing countries such as Indonesia problem of labor recruitment through

outsourcing will not have much effect on job satisfaction and employee performance, but must be balanced with adequate financial and nonfinancial compensation. This happens because the country is in high growing population and very difficult search of work, so very many unemployed that they accept all the jobs offer. The average employee's job is on the lower level, if the study was conducted in mid-level employees at or above the level of the result may be different, employees at this level they are working not just to get a revenue alone more than it actually is they also want actualize themselves with a variety of creations and innovations. This condition is actually the same as in Uganda (R. Benjamin, et.al, 2012), states there is a positive impact of outsourcing labor to the performance of commercial banks in the context of competition. General description of all variables indicate the level of compensation received by employees whether they are financial and non-financial compensation at the level satisfied, somewhat satisfied, and very satisfied. Perhaps this information can explain why there is no fluctuation in the use of outsourcing in Syariah banking. Reasonableness of the compensation level is then indicated their existing employees job satisfaction level is quite satisfied, dissatisfied and very dissatisfied. This condition makes the employee's performance is also quite good level, good and excellent. There is other information that is obtained is also outsourcing model Syariah banking is different from other companies because recruitment outsourcing is derived from Syariah banking association is not derived from an independent private company, which is basically just want to make a profit from the labor supply by cutting outsourcing labor revenue. In Syariah banking because it comes from the association of Syariah banking there is no income cut payroll outsourcing. In fact, if they work within two years if shown a good performance, they can be appointed as an employee, so it is not purely an extended contract system every year between companies outsourcing the recipient company. If this model can be adopted by companies outside Syariah banking companies may not cause turmoil as occurred in Indonesia today.

4. Discussion

Discussion on The findings Interpersonal Variables

Before discussing more about the inferential findings, it is presented first the table on direct and indirect effects among variables in path analysis.

Table 1. Table Effect of Total by Model Findings

Hypothesis	Correlation	Direct Effect	Indirect Effect	Total Effect
H1= X1 Y	0.770	0.770		0.770
H2=X1 Y through Z	0.779	0.871	0.895	0.779
H3= X2 Y	0.521	0.521		0.571
H4= X2 Y through Z	0.310	0.347	0.895	0.310

Source: Result Analysis Based on Field Data 2012

4.1. The Influence of Financial Compensation Directly To Employee Performance

The results of the analysis of the data shows that there is a significant positive effect of financial compensation on employee performance. This finding supports the findings of fact made by the former research (Mathis and Jackson, 2000). In simple compensation is something that employees received as remuneration for their work. Simamora (2004) says that in the form of financial compensation for employees is important, because with the compensation they can fulfil their needs directly, especially the physiological needs. However, the employees must also hope that it receives compensation in accordance with the sacrifice that has been given in

the form of nonfinancial also very important for the employees especially for their career development. In research Yukl and Latham, 1975; Latham and Pursell, 1976; Yukl, Wexley and Seymour, 1972 (cited by Wexley and Yukl, 1988) suggests that the incentive wage / salary does not give consistent results on the performance of the employees. According Prawiro Sentono, 1999 performance will be good when the employee are paid of a salary is in accordance with the agreements. The results are in line with the latest research conducted by Benjamin R et.al. (2012) with the title *Explaining Outsourcing Performance in Uganda's Commercial Banks*, the influential financial compensation on employee performance outsourcing in commercial banks in Uganda. This effect is more common in lower-level employees and employees who had entered. Another study also conducted Muneeb Ahmad et al (2012) under the title *Causes on Increasing Demand of Employees Outsourcing and Its Impact On Pakistan Business*, the results showed no positive effect of financial compensation on employees' performance.

4.2. The Influence of Financial Compensation to Employee Performance Through Job Satisfaction

The results of this study indicate that there is a significant positive effect toward compensated employee performance through employee satisfaction. The results are in line with the findings of Khaleed Mahmud et al. (2012) with the title *Human Outsourcing: A Study On Telecommunication Sector In Bangladesh*, concluded that there is significant influence between performance and financial compensation to employees through satisfaction for outsourcing employees in telecom company in Bangladesh. Other studies with more or less the same conclusion made by Yahya Kamyabi et.al. (2012) in Iran with the title *Accounting Outsourcing and Firm Performance In Iranian SMSe*, the results show that there is a significant financial compensation on employee performance through the satisfaction of the personnel in the accounting outsourcing firms in Iran. The results are consistent with the results of the study According to As'ad Ghiselli and Brown, (2008) suggested five factors that lead to job satisfaction, namely (a) position (position), (b) rank (group), (c) age, (d) Financial Assurance and social security, (e) quality control. Hulin (1996 in As'ad, 2008) suggests that often in ways that are taken to improve the management of employee performance by increasing salaries or wages of labor is a key factor to achieve job satisfaction. This reasoning is not entirely wrong because with a salary he will be able to carry out their daily lives. But the fact that a high salary is not always the main factor to achieve job satisfaction. Other than that so far a lot of companies that have provided relatively high salaries, but there are many employees who are dissatisfied and unhappy with their jobs. Salary only give temporary satisfaction because satisfaction with salary is influenced by the needs and value of the person concerned. However, for new employees or at a low level of compensation influence on job satisfaction is very important that in turn will improve employee performance.

4.3. The Effect of Nonfinancial Compensation to Employee Performance

The results of this study indicate that there is a significant positive effect of financial compensation on employee performance. The results are in line with the Maslow's theory of motivation by the Mar'at (2005) that financial compensation is only effective to improve the performance, especially for employees who are new to the work and the employees received a lower level. But for long-time employees and employees working at middle to upper levels, they actually require more nonfinancial compensation. Nonfinancial compensation in the form of awards for their work performance, providing the opportunity for self-actualization, etc. The results of this study are also supported by a study of the results of this study are in line with the

latest research conducted by Benjamin R et al. (2012) with the title *Explaining Outsourcing Performance In Uganda's Commercial Banks*, that nonfinancial compensation greatly affect the performance of the outsourcing employees in commercial banks in Uganda. This effect is more common in lower-level employees and employees who had entered. Another study also conducted Muneeb Ahmad et al (2012) under the title *Causes on Increasing Demand of Employees Outsourcing and Its Impact on Pakistan Business*, the results show a positive influence ad nonfinancial compensation on employee performance.

Explained in detail nonfinancial compensation is comprised of: (a) Employment. Non-financial compensation from the challenging work tasks interesting, responsibility, and recognition. These employees tend to prefer jobs that provide an opportunity to assess their ability to work and challenge in work (b) Work Environment. Nonfinancial compensation stemming from the work environment such as social status may be, the pride of the employees and a pleasant working environment. The employees care about the working environment both for personal comfort or to ease the task well. For most employees work also fills the need for social interaction. Therefore, it can be concluded that co-workers were friendly and supportive will provide increasing job satisfaction. Working environment is the environment that surrounds the concrete and the abstract one. The work environment is the closest intended work environment that is directly felt by the employees in this case are the workers (c) Awards. Respect for employees is meant, for the employee to succeed in carrying out their own opportunities to develop the creativity of the job tasks that the obligation and responsibility. This is useful for employees in order to work towards achieving maximum results as expected. The award was given for the success of employees who can develop the power of creativity to the task of a good job, then the company should reward the achievements of employees (d) Promotion. One thrust of employees in work at a company or organization is the opportunity to progress. It's human nature, that in general they require a change for the better, more advanced than the current position obtained. Therefore, the employee wants an advance in life. Progress in this regard is promotion. This understanding is strengthened by Ranupanjojo and Husnan (1997) that "promotion is a shift from one position to another position higher accompanied with an increase in salary or wages and other rights". Another compensation is the complementary which by Handoko (2001) is categorized into four, namely: (1) Payment of wages for time not worked (time of benefit): (1.1.) Time off. Providing a break in the execution of the work, productivity can be increased. The forms include rest periods, meal periods and time periods wash (wash or change clothes) (1.2.) Sick days. Each company provides an opportunity for employees to be absent from their job with the maximum number of sick days per year. To avoid misuse of the company requires every employee does not work due to illness must show proof of a doctor (1.3.) Vacation leave. The Company generally follows the day-to-day official holiday in providing holidays for employees. In addition, company personnel policy often gives periods of leave during a certain time limit (1.4.) Other reasons. Other reasons determined by the discretion of the company include: pregnancy, accidents, prolonged illness, military service, or the funeral (2) economical protection against hazards typically health insurance program and pension insurance that covers that can be forged in cooperation with companies insurance services. Form of protection, among others: (2.1.) Guarantee payment of wages within a certain time during a specific time period (2.2.) Pension plans (2.3.) Retirement benefits (2.4.) Allowance treatment. (3) The employee services programs to meet the needs of employees in the form: (3.1.) Recreation program (3.2.) Housing program (3.3.) Cafeterias (3.4.) Scholarship (3.5.) Facility purchase financial counseling and legal (3.6.) Other services.

4.4. The Effect of Nonfinancial Compensation to Performance Through Employees' Job Satisfaction

The results of this study indicate that there is a significant positive effect on the performance of

non-financial compensation of employees through employee satisfaction. The results are in line with the findings of Cathy Sheehan (2012) with the title *Outsourcing HRM Activities In Australian Organizations*, said that there was the influence of nonfinancial compensation on employee performance through employee satisfaction. These results are also consistent with the findings of Khaleed Mahmud et al. (2012) with the title *Human Outsourcing: A Study On Telecommunication Sector In Bangladesh*, concluded that there is significant influence between nonfinancial compensation for employees' performance through satisfaction for outsourcing employees in telecom company in Bangladesh. Other studies with more or less the same conclusion made by Yahya Kamyabi et al. (2012) in Iran under the title *Accounting Outsourcing And Firm Performance In Iranian SMSe*, the results show that there is a significant effect of the nonfinancial compensation on employee performance through the satisfaction of the personnel in the accounting outsourcing firms in Iran. The results are in line with the findings. The statement of Vroom gave many clues why job satisfaction and performance is interrelated each other despite the fact that both are caused by something different. Even Robbins (2007) stated the relationship of both is more appropriately called "the myth of management" and it is difficult to establish where the cause and effect relationship of both leads. However many researches found evidence that organizations with more satisfied employees tend to be more effective than organizations with less satisfied employees. Expectance theory of Vroom assumed that reward causes satisfaction and in some things probably performance generates a reward, then the chances of what happens between satisfaction and performance is through a third variable, namely reward. Put simply illustrated that good performance will result in rewards, which in turn will lead to satisfaction and employee performance. Furthermore job satisfaction on salary, promotion, supervision, etc. have direct and positive effect on performance. Rao (1996) adds that there are some things that can make employees more willing to perform the work, namely: (1) The employees will work hard if they felt needed by the organization (2) The employee would have worked better if they are clear about what is expected of them and if they occasionally authorized to change those expectations (3) The employees will work better if they feel that the organization provides opportunities for the achievement of their work to be appreciated and rewarded (4) The employees will work if they know that the organization provides opportunities to develop and as far as possible to use their abilities and (5) The employees would have worked better if they are trusted and treated with respect. Or in other words, employees want to work for an organization's culture is influenced both then impact on satisfaction with the work itself, which in turn will affect their performance.

5. Conclusion

Compensation received by outsourcing employees of Syariah banks in the city of Malang, both financial and nonfinancial compensation is generally perceived as the level of satisfaction, job satisfaction of outsourcing employees of Syariah banks in the city of Malang, perceived satisfaction and performance of outsourcing employees of Syariah banks in the city of Malang on either level (1) There is a significant positive financial compensation directly to employees' performance (2) There is a significant positive financial compensation to performance through job satisfaction (3) There is a significant positive effect on the performance of nonfinancial compensation of employees directly (4) There is a significant positive effect of nonfinancial compensation to employees' performance through job satisfaction (5) The function of intervening variables (satisfaction) amplifies the effect of compensation on employee performance. From these results suggested (1) For Syariah Banks: Results showed that employees claimed financial compensation, nonfinancial compensation received has been good, quite good and very good encourage outsourcing employees' job satisfaction and employees' performance. Therefore, these conditions must be maintained in order the system

develops during this revamped as implemented in other companies outside Syariah banking, which in turn can cause turbulence (2) For other companies and governments need to adopt the use of labor outsourcing models practiced in Syariah banking. Where recruitment patterns prepared by the association of Syariah banking, so it does not harm the employee income since no deduction of wages or salaries of employees upon acceptance of employment. In addition, within the specified time employees can be recruited as permanent employees on Syariah banking, if the model is implemented in Indonesia, it will reduce the demonstrations in the streets and can ensure future employees.

References

- Ahmad, M. (2012) Causes of Increasing Demand of Employses Outsourcin and Its Impact on Pakistan Business, *International Journal of Learning & Development*, ISSN 2164-4063, 2012, Vol. 2, No. 3.
- Alwi, S. (2001). *Human Resorces Management Strategis*, BPFE, Yogyakarta
- Amstrong, M. (1996). *Human Resources Management*. Jakarta: PT Elex Media Komputindo.
- Arikunto, S. (2006). *Research Process, A Practical Approach*. Jakarta: Rineka Cipta
- As'ad, M. (1998). *Industryal Psikologial* . Yogyakarta: Liberty.
- As'ad, M., (2001). *Management Science, Human Resources Management*. Bandung: Alumni.
- Brooke, P.P., Jr. Russel, D.W.J. Prince, J.L.(2008). Discriminant Validation of Measures of Job Satisfaction, Job Involvement, and Organizational Commitment. *Journal of Applied Psychology*. Vol.139.
- Brooks, I., (2004). *Organizational Behaviour, Individuals, Groups an Organisation*, Harlow, England, Prentice Hall, Pearson Education Limited
- Budiantono, A. (2005). The Effect of Financial Compensation Toward Job Satisfaction and Performance of Lecture, University of Ahmad Yani Banjarmasin, *Economic and Manangement Journal.*, Vol 7. Januari 2005
- Cats-B. and Thompson. (2005). Managing Information Technology Projects in The Public Sector. *Journal Public Administration Review*. November/December 1995. Vol. 55. No. 6
- Challan, R.E. Fleenor, C.P dan Knudson, H.R. (2006). *Understanding Organizational Behavior, a managerial Viewpoint*, Colombus, Ohio: Charles E. Merrill Publishing Co., A Bell & Howell Company
- Charrington, D.J. (2004). *Managing of Human Resources*. Third Edition. Boston: Allyn B., Cooper, Donald R. & William E.. Business Research Method. Transleter: Sitompul . Jakarta: Erlangga.
- Dessler, G. (1998). *Human Resources Management*. Jakarta: Prehallindo.
- Ellitan, L Tantangan dan Perubahan Peran Manajemen Sumber Daya Manusia dalam Menghadapi Perubahan Lingkungan dan Isu-Isu Bisnis yang Berkaitan dengan Sumber Daya Manusia. (2006). *Widya Humanika*. Vol. 7. 2.
- Gomes, F. C. 2003. *Human Resources Management*. Yogyakarta: Andi
- Guilfor, JF. (2006). *Fundamental statistic in fsikologi an education*. New york: Mc Graw Hill Book Company.
- Handoko, H. T. (2008). *Manajemen Personalia dan SDM*. Liberty. Yokyakarta.
- Hasibuan, S.P. (1994). *Human Resources Management* Manajemen Sumber Daya Manusia: Dasar dan Jakarta: CV Haji Masagung.

- Haneman, Robert, L. & David B. (2008). The Relationship Between Pay for Performance Perception & Pay Satisfaction. *Journal Personal Psychology*. **Vol 1.2.**
- Kamyabi, Y., Accounting Outsourcing and Firm Performance in Iranian SMSE, *International Journal of Economics and Finance*, Vol. 3, No. 4, September 2011
- Lopez, E. (2002). A Test of The Self. Consistency: Theory of the Job Performance Job Satisfaction Relationship. *Academy of Management Journal* **Vol 25.2.**
- Martoyo, S. (2000). *Human Resources management*. Yogyakarta: BPFE
- Mahmud, K. (2012)., at.all. Human Resource Outsourcing: A Study on Telecommunication sector in Bangladesh, *International Journal of Business and Management*, Vol. 7, No. 10 May 2012
- Manullang. (2000). *Peranan Kompensasi Dalam Perusahaan*. Yogyakarta: BPFE.
- Mangkunegara, A. P. (2004). *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: Remaja Rosda Karya.
- Mangkunegara, A. S. 2007. Evaluasi Kinerja SDM
- Manolopoulos, D. (2008). An Evaluation of imployee motivation in the extended public sector in greece. *Journal of employee relations, (online)*, Vol. 30 No. 1 ([http://www.emeraldinsight.com / 0142-5455. htm](http://www.emeraldinsight.com/0142-5455.htm), diakses 01 September 2010.
- Miller, K.L. and Monge, P.R. (2006). Participation, Satisfaction and Productivity: A Meta–Analitic Review. *Academy of Management Journal*. Dec. pp. 748 - 759.
- Mondy, R.W. Noe, .M.(2003). Human Resources management. USA: Allyn & Bacon Inc.
- Moshavi, D. dan Terborg, J.R.(2002)., the Job Satisfaction and Performance of Contingent and Reguler Customer Service Representatives, a Human capital Perspectives, *International Journal of Service Industry management*, 13 (4), 333-347.
- Moenir, A.S. (2007). *Pendekatan Manusiawi dan Organisasi Terhadap Pembinaan Pegawai*. Jakarta: PT Gunung Agung.
- Newstroom, J.W. & Davis, K. (2007). *Organizational Behavior, Reading & Exercise*. Eight Edition. Mc. Graw-Hill International Edition.
- Rashid, M.Z.A. Sambasivan, M., dan Johari., 2004, The Influence of Organizational Culture on Attitudes Toward Organizational Change, The Leadership & Organizational Development, *Journal of Manpower*, 23 (2) 137-150
- Rao, T.V. (2006). Penelitian Prestasi Kerja: Teori dan Praktek, Cetakan Ketiga. Terjemahan: Ny. L. Mulyana. Jakarta: Pustaka Binawan Pressindo.
- Robbins, S. (2000). *Perilaku Organisasi*. Edisi Bahasa Indonesia. Jilid 1. Jakarta: PT Prehallindo.
- Robbins, S..(2006). Perilaku Organisasi Konsep – Kontroversi –Aplikasi . jilid II. Edisi Bahasa Indonesia. Jakarta: T Prenhallindo.
- Robbins, S. (2003). Teori Organisasi, Struktur, Desain, Aplikasi. Edisi 3. Terjem. Jusuf Udaya. Penerbit Acan.
- Roderick, D. Iverson & Parimal R, (2004). A Causal Model of Behavioral Commitment: Evidence From a Study of Australian Blue-Collar Employees. *Journal of Management*. Vol. 20. No. 1.
- Rodwell, John J. Rene Kienzle & Mark A. Shadur. (2008). The Relationship Among Work Related Perceptions Integral Role of Communication. *Human Resources Management Journal*. Vol.37. 3.

- Ranupandojo, H & H, S. (2007). *Manajemen Personalia*. Yogyakarta: BPFE.
- Santoso, S, (2000), *Buku Latihan SPSS untuk Statistik Parametrik*, PT Elex Media Komputindo, kelompok Gramedia, Jakarta
- Sarker, S.J. Crossman, A., dan Chinmeteepituck, P., (2003)., The Relationship of Age and Length of Service with Job Satisfaction: an Examination of Hotel Employees in Thailand, *Journal of managerial Psychology*, **18 (7) 745-758**
- Sheenhan, Cathy, (2009)., Outsourcing HRM Activities in Australian Organisations, *Asia Pasifik Journal of Human Resources*, **2009 47: 236**
- Simamora, H. (2005). *Manajemen Sumber Daya Manusia*. Edisi 1 Cetakan 1. Yogyakarta YKPN.
- Soeprihanto, J. (2008)., *Penilaian Kinerja dan Pengembangan Karyawan*. Edisi Pertama. Yogyakarta: BPFE..
- Stoner, J.A.F. Freeman, R.E. and Gilbert Jr. (2006). *Management*. Edisi Bahasa Indonesia. Terjemahan: Alexander Sudiro. Jakarta: Prenhalindo.
- Stum, David. (2008)., Five Ingredients for an Employee Retention Formula. *Journal of Human Resources Focus*. **Vol 75**.
- Spector, Paul E. (2007). *Industrial and Organizational Psychology, Research & Practice*. New York: John Wiley Sons Inc.
- Steffen, Teresa, M. Nystrom, Paul C. , Stephen . 2006. Satisfaction with Nursing Homes. *Journal of Health Care Marketing*. **Vol 16**.
- Sugiyono. (2009). *Metode Penelitian Bisnis*. Bandung: Alfabeta.
- Sullivan, J.J. (2001)., *Three roles of Language in Motivation Theory*, (dalam Richard M. Steers dan Lyman W. Porter, editor, 1991, Motivation and Work Behavior) New York: Mc Graw-Hill, Inc
- Timoty A. J. and Shiniciro W. (2003). Another Look et The Job Satisfaction – Life Satisfaction. *Journal of Applied Psychology*. **Vol 78. No 6**.
- Timpel, A.D. (1989). *The Art and Science of Bussiness Management Performance*. New York: Kend Publishing.
- Tjiptono, F. Dan Diana, A. (2008)., *Total Quality Management*, Andi Offset, Yogyakarta
- Tukamubaha, Benjamin at all., (2012), Explaining Outsourcing Performance in Uganda's Commercial Bank, *Information Manajemen Business Review*, **Vol. 4, No. 1, pp.18-19, Jan 2012 (ISSN 2220-3796)**
- Umar, Husein. (2009)., *Riset Sumber Daya Manusia Dalam Organisasi*. Jakarta: Gramedia Pustaka Utama.
- Viswesvaran, Chockalingam, Despanthe, Satish P. (2006). Ethics, Succes and Job Satisfaction: A Test of Dissonance heory in India. *Journal of Business Ethics*. **Vol. 15**.
- Wanous J. & Edwards E. L. (2005)., Measurement Meaning of Job Satisfaction. *Journal of Applied Psychology*. **12**.
- Wanous J. & Edwards E. Lr. 2009. Measurement Meaning of Job Satisfaction. *Journal of Applied Psychology*. **12.3**.
- Wexley, K.N. & Yukl, G.A. (2010). *Perilaku Organisasi dan Psikologi Perusahaan*. Terjemahan: Shobarudin. Jakarta: Rineka Cipta
- Wilk, Leslie, A. Redmon, William, K. (2008)., The effects of Feedback and Goal Setting on Productivity and Satisfaction of University Administration Staff. *Journal of Applied Psychology*. **Vol. 18. pp 45- 68**.
- Wood, J., Wallace, J., Zeffane, R.M., Kennedy D.J., Schermerhorn Jr., J.R., Hunt,

J.G., Osborn, R.N. (2008)., *Organizational Behavior, an Asia Pasific Perspektictive*,
Brisbane: John Willey & Sons

Yavas U. and Bodur ., Satisfaction Among Expatriate Managers: Correlation and
Consequences. *Journal of Career development, Vol.12, 2010*

Info Bank, 26 Pebruari 2010

Kompas, Pebruary 26, 2004