



# **The Effect of Managerial Competencies, Compensation and Career Planning Toward Employee Performance Through Job Satisfaction at PT. Bank BTPN Tbk Mikro Banking Division (MUR) Pekanbaru Branch.**

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## **Abstract**

This aim of research is to know the effect of implementation managerial competencies, compensation and career planning toward employee performances through Job satisfaction at PT. BANK BTPN Tbk Micro Banking Division (MUR) Pekanbaru Branch. The number of populations in this research was 71 employee at PT. Bank BTPN Tbk Micro Banking Division (MUR) Branch Pekanbaru. According to sampling qualification, all of population will be used for sampling research. Data collecting method employed questioner within conducted validity test, reliability test. Hypothesis test employed normality test, linearity test, Multicolinearity test, path analysis, F test, and test t. The result of this research found that : 1) there is a significant effect of managerial competencies toward job satisfaction with path analysis of 0,234; 2) there is a significant effect of compensation on job satisfaction with path analysis of 0,233; 3) there is significant effect of career planning on job satisfaction with path analysis of 0,237; 4) there is a significance effect of managerial competencies on employee performance with path analysis of 0,339; 5) there is a significance effect of compensation on employee performance with path analysis of 0,264; 6) there is a significance effect of career planning on employee performance with path analysis of 0,222; 7) there is a significance effect of job satisfaction on employee performance with path analysis of 0,208. This research also found that the most influence factors is the managerial competencies.

**Keywords:** Managerial Competencies, Compensation and Career Planning, Toward Job Satisfaction and Improving Employee Performances

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## **INTRODUCTION**

The results of the initial observation with some employees of PT Bank BTPN Tbk, MUR Division of Pekanbaru Branch showed that the employees had low job satisfaction despite the fact that the company had actually paid more attention to its employees. The low job satisfaction was indicated by high employee turnover, absenteeism or leave the office during working hours due to personal matters, late coming to the office, the company's targets were unmet and slacking off at writing their work reports which resulted in the decrease of company profits. According to the management, the company did experience a decrease in its net income compared to the previous years. Although the number was not too much, if this problem could not be solved as soon as possible it was feared that the problem would become bigger. According to MUR Division management of PT. Bank BTPN Tbk Pekanbaru Branch, the decline in the bank's performance was due to the lack of human resources.

Other information obtained from the initial observation was about the employees' complaint related to the managerial skill of the management in managing the work. One complaint related to the managerial skill was the low managerial skill of the management in managing its targets and achievements. According to one employee in the marketing department, one example of the management's low managerial skill was that the management's incapability of providing solutions to problems related to the process of customer's credit which in turn made many customers disappointed.

On the other hand, in term of compensation, the employees had actually received fair and reasonable compensation from the company. The basic salary and benefits/ allowances received by the employees were adjusted to their work period. The basic salary and benefits/ allowances received by employees could be different even though they had the same positions, duties and responsibilities in the company. In addition to the basic salary, the employees of PT. Bank BTPN Tbk, Pekanbaru Branch also received incentives and various benefits/ allowance from the company. The incentives were given if the sales results of the company reached the target. The allowances provided to employees were in the form of health insurance (Askes), food and transportation money, Religious Holiday Allowance (THR), recreation allowances, and pension benefits. The pension benefits were given only to the permanent employees. By providing competitive and fair compensation, the company expected to receive positive feedback from its employees in the form of high job satisfaction. The competitive and fair compensations provided by PT Bank BTPN Tbk, Pekanbaru branch to its employees were expected to improve the employees' job satisfaction, which in turn would improve the employees' productivity and performance so that it would increase the company profits.

## **LITERATURE REVIEW**

### **Performance**



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According to Sedarmayanti (2007: 167), performance also means work performance, work implementation, work achievement or work outcome/ performance. Smith states that performance is: output drive from process, human or otherwise. Thus, it is said that performance is the result or output of a process. Based on the aforementioned opinion, it can be concluded that employee's performance is the quality and quantity of the work outcome achieved by an employee that reflected how well the employee meets the requirements to achieve the goals of an organization or company.

Prawirosentono (2008: 236) states the factors affecting employees' performance that need to be assessed include:

1. The employees' knowledge regarding the works that become their responsibility.
2. Technical knowledge regarding the work that becomes the responsibility of an employee must be assessed since it related to the employees' work quality and speed in completing the job that becomes their responsibility.
3. The employee's dependence on other people needs to be assessed since it relates to one's self confidence in carrying out one's work.
4. The employees' instinctive judgment. This is an important factor which helps to find out whether the employees have the ability to adjust and assess their duties in order to support the organizational goals.
5. The employees' ability to communicate (communication skill) with the fellow employees.
6. The employees' ability to work with the other employees.
7. The employees' attendance at meetings along with the ability to convey their ideas to the others has its own value in assessing their performance.
8. The employees' ability to manage the works that become their responsibility, such as creating their work schedules generally will affect the employees' performance.
9. Leadership is one of the factors that have to be assessed in determining the employees' work performance, especially for employees who have talent for leading, mobilizing and motivating their colleague to work better.
10. The employees' desire to improve their ability also becomes one of the factors to assess the employees' performance.

## Job Satisfaction

Job satisfaction is an evaluation that describes one's feeling or attitude, whether one is happy or unhappy, satisfied or not satisfied in doing their work (Rivai, 2005: 475).

According to Greenberg, J and Baron, R. (2003: 299) there are some aspects in job satisfaction which include:

## WORK CONTENT

The aspect of work content includes workload which involves skills and abilities that match job qualifications, work variations, work quantity and quality, work difficulty level, and individual responsibilities in carrying out that work.

## COMPENSATION

Compensation aspect includes to what extent the compensation received by the employees are in accordance with their effort in doing their work. The compensations are in the form of salaries, incentives, and allowances/ benefits.

## JOB PROMOTION

Job promotion aspect includes the employees' opportunity to get job promotion for higher position. In addition to the promotion opportunities, this aspect also includes fairness in promotion.

## WORK CONDITION

Work condition aspect includes the employees' satisfaction with the work environment, such as workplaces, work spaces, and other facilities provided by the company.

## COLLEAGUES

Colleague aspect includes the satisfaction of relationship or employees interaction with their fellow co-worker, subordinate, or superior.

## SUPERVISION

The supervision aspect includes the satisfaction with the supervision carried out by the supervisor. Whether the supervisor is totally objective in supervising and assessing the employees' work and whether the supervisor gives trust, support, advice, and motivation to his/ her staff.

## Managerial Skill

According to Winardi (2001: 4) the indicators of managerial skill is the ability to make a planning, organizing, implementing and supervising the employees in carrying out their work in order to achieve the company's targets.

### Indicators of managerial skill

## PLANNING

Planning is one of the functions of a manager that deals with choosing objectives, policies, procedures, and programs from all the available alternatives.

## ORGANIZING

Organizing is a process of determining, grouping, and managing various activities in order to reach the objective of putting each individual for certain position/ activity, providing the necessary tools, establishing authority delegated to each individual who will carry out the activities.

## IMPLEMENTATION

Implementation is activity carried out by the managers to guide, direct, and manage all activities of employees who have been assigned for certain work. Thus, a manager shall be able to encourage his/ her employees by giving motivation, understanding personal relationships and group activities in completing the work.

## SUPERVISION

Supervision activity is a process that ensures the company's objective can be achieved. Basically, supervision is giving instructions to the operative personnel so that they always act according to the planning.

## Compensation

Compensation is a term related to the financial rewards received by people through their employment relationship with an organization (Simamora, 2004: 541).

According to Jackson and Mathis cited in Hasibuan (2007: 188), basically compensation can be grouped into two, namely direct and indirect compensations. Direct compensation can be in the form of basic salary and variable pay, while indirect compensation is in the form of allowances/ benefits.



## BASIC SALARY

The basic compensation received by employees usually—in the form of salary or wage—is called basic salary. Salary is a financial reward paid to employees on regular basis, such as annually, quarterly, monthly or weekly. Wage is direct financial rewards paid to the workers based on the working hours, number of items produced or services provided.

## VARIABLE PAY

Another type of direct salary is variable pay where the compensation is directly related to performance achievement. The most common type of this salary is bonus and incentive for the employees. As for the executives they usually receive long-term benefits such as share ownership.

## ALLOWANCE

Employees' allowance is indirect compensation. For instance, health insurance, leave money, or pensions given to the employees as part of their membership in the organization.

## Career Planning

Career planning is a planning regarding the possibilities of an organization's individual member to obtain a promotion and position in accordance with the requirements and abilities needed. (A. Sitohang, 2007: 23).

There are several factors that lead organizations to develop their career plan (Moekijat, 2006: 213):

- The desire to improve and promote the employees from within,
- The lack of capable people who can be promoted,
- The desire to help developing career plan for individual,
- Many employees submit expression of interest,
- The desire to increase the productivity,
- Responsibility for strengthening action programs,
- Consideration for the employees' transfer,
- Personal interest of the unit managers,
- Desire for positive procurement.:.

## Theoretical Framework

The theoretical framework illustrated the relationship between managerial skill, compensation, career planning, job satisfaction and employee performance variable is shown in the following scheme :

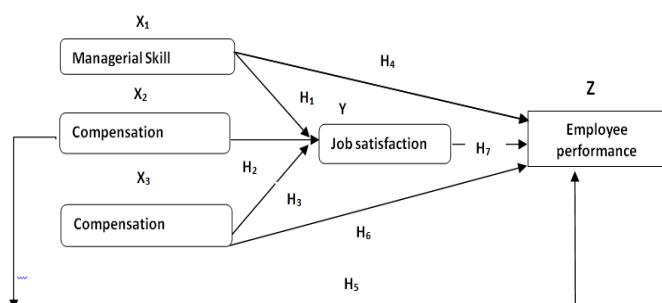


Figure 1. Theoretical Framework

## METHODOLOGY/MATERIALS

The population and sample used in this study were 71 (seventy one) employees of PT. Bank BTPN, Pekanbaru Branch Mitra Usaha Rakyat Division that fulfilled the aforementioned characteristics.

Classical assumption test was used to test the data quality. The classical assumption test could be described as follows:

1. Normality test was used to determine the quality of data—whether the data were feasible or not. To determine whether the data could be used in this study or not, the researcher used the Kolmogorov-smirnov with the criteria; if each variable produces K-S-Z value with  $P > 0.05$ , then it can be concluded that each of the variables is normally distributed (Ghozali, 2005: 27).
2. Validity test. Validity test is performed on each instrument or question related to the variable using the Pearson correlation analysis method.
3. Reliability Test. A construct or variable is said to be reliable if the Cronbatch Alpha value is  $> 0.60$ . If the cronbach alpha value is less than 0.6, it means that the construct or variable is lack of reliability, while if the value is 0.7 still acceptable. If the value of cronbach's is 0.8 or more, it means the construct or variable has good reliability (Ghozali 2005: 43).

Mediation Effect Test. Path analysis method was used to test the effect of mediating variables. Determination test ( $\beta^2$ ) is done to measure the extent of model ability in explaining the variation of dependent variable, in which the contribution of the independent variable (percentage) could affect the dependent variable and the remaining (percentage) was influenced by other variables aside from the variable used in this study. Path analysis test was to measure the contribution of the path coefficients on each path diagram in the causal relationship between variables  $X_1, X_2, X_3$  towards  $Y$  and its impact on  $Z$ .

## RESULT AND FINDING

### The Effect of Managerial Skill on Job Satisfaction

The results of the study showed that managerial skill had a significant positive effect on job satisfaction. Based on the calculation results, the correlation between Managerial Skill ( $X_1$ ) and Job Satisfaction ( $Y$ ) variable was 0.395 or ( $r_{xy1} = 0.395$ ). This result indicated that there was a significant relationship between the managerial skill and job satisfaction. Furthermore, the t-test result showed that the  $t_{count} (2.044) > t_{table} (1.660)$  which meant that there was a significant positive relationship between the managerial ability and job satisfaction. The effect of managerial skill on job satisfaction was shown by the path coefficient of 0.234. It meant that if the values of variables  $X_2$  and  $X_3$  remained the same or there was no increase in the compensation and career planning variables, then every time the value of managerial skill increase by one unit, the value of job satisfaction would also increase by 0.234 because it had positive effect. The effect of managerial skill variable was also significant because the Sig number was 0.045 or smaller than 0.05.

### The Effect of Compensation on Job Satisfaction

The results of the study showed that compensation had a significant positive effect on job satisfaction. Based on the calculation results, the correlation between compensation ( $X_2$ ) with Job Satisfaction ( $Y$ ) variable was equal to 0.394 or ( $r_{xy2} = 0.394$ ). This result indicated that there was a significant relationship between compensation and job satisfaction. Furthermore, the t-test result showed that the  $t_{count} (2.041) > t_{table} (1.660)$  which meant that there was a significant positive relationship between compensation and job satisfaction. The effect of compensation on job satisfaction was shown by the path coefficient of 0.233. It meant that if the values of variables  $X_1$  and  $X_3$  remained the same or there was no increase in the managerial skill and career planning variables, then every time the value of compensation increase by one unit, the value of job satisfaction would value increase by 0.233 because it had positive effect. The effect of compensation variable was also significant because the Sig number was 0.045 or smaller than 0.05.



## The Effect of Career Planning on Job Satisfaction

The results of the study showed that career planning had a significant positive effect on job satisfaction. Based on the calculation results, the correlation between career planning (X3) and Job Satisfaction (Y) variables was 0.395 or ( $r_{yx3} = 0.395$ ). This result indicated that there was a significant relationship between the career planning and job satisfaction. Furthermore, the t-test result showed that the  $t_{count} (2,079) > t_{table} (1,660)$ , which meant that there was a significant positive relationship between career planning and job satisfaction. The effect of career planning on job satisfaction was shown by the path coefficient of 0.237. It meant that if the values of variables X1 and X2 remained the same or there was no increase in managerial skill and compensation variables, then every time the value of career planning increase by one unit, value of job satisfaction would also increase by 0.237 because it had positive effect. The effect of career planning variable was also significant because the Sig number was 0.041 or smaller than 0.05.

## The Effect of Managerial Skill on Employee's Performance

The results of the study showed that managerial skill had a significant positive effect on the employees' performance. Based on the calculation results, the correlation between Managerial Skill (X1) and employees' performance (Z) variables was 0.587 or ( $r_{zx1} = 0.587$ ). This result indicated that there was a significant relationship between the managerial skill and the employees' performance. Furthermore, the t-test result showed that the  $t_{count} (3.676) > t_{table} (1.660)$  which meant that there was a significant positive relationship between managerial skill and the employees' performance. The effect of managerial skill on the employees' performance was shown by the path coefficient of 0.339. It meant that if the values of variables X2 and X3 remained the same or there was no increase in the compensation and career planning variables, then every time the value of managerial skill increase by one unit, the value of employees' performance would also increase by 0.339 because it had positive effect. The effect of managerial skill variables was also significant because the Sig number was 0.000 or less than 0.05.

## The Effect of Compensation on Employee's Performance

The results of the study showed that compensation had a significant positive effect on the employees' performance. Based on the calculation results, the correlation between compensation (X2) and employees' performance (Z) variable was 0.537 or ( $r_{zx2} = 0.537$ ). This result indicated that there was a significant relationship between compensation and the employees' performance. Furthermore, the t-test result showed that the  $t_{count} (2.863) > t_{table} (1.660)$  which meant that there was a significant positive relationship between compensation and the employees' performance. The effect of compensation on the employees' performance was shown by the path coefficient of 0.264. It meant that if the values of variables X1 and X3 remained the same or there was no increase in the managerial skill and career planning variables, then every time the value of compensation increase by one unit, the value of employee performance would also increase by 0.264 because it had positive effect. The effect of the compensation variable was also significant because the Sig number was 0.006 or smaller than 0.05.

## The Effect of Career Planning on Employee's Performance

The results of the study showed that career planning had a significant positive effect on the employees' performance. Based on the calculation results, the correlation between career planning (X3) and Employee's Performance (Z) variables was 0.508 or ( $r_{zx3} = 0.508$ ). This result indicated that there was a significant relationship between career planning and job satisfaction. Furthermore, the t-test result showed that the  $t_{count} (2.406) > t_{table} (1.660)$  which meant that there was a significant positive relationship between career planning and job

satisfaction. The effect of career planning on job satisfaction was shown by the path coefficient of 0.222. It meant that if the values of variables X1 and X2 remained the same or there was no increase in the managerial skill and compensation variables, then every time the value of career planning increase by one unit, the value of job satisfaction would also increase by 0.222 because it had positive effect. The effect of career planning variable was also significant because the Sig number was 0.019 or less than 0.05.

## The Effect of Job Satisfaction on Employee's Performance

The results of the study showed job satisfaction had a significant positive effect on the employee's performance. Based on the calculation results, the correlation between job satisfaction (Y) and Employee Performance (Z) variables was 0.533 or ( $r_{zy} = 0.533$ ). This result indicated that there was a significant relationship between the job satisfaction and the employees' performance. Furthermore, the t-test result showed that the  $t_{count} (2.171) > t_{table} (1.660)$  which meant that there was a significant positive relationship between job satisfaction and the employees' performance. The effect of job satisfaction on the employees' performance was shown by the path coefficient of 0.208. It meant that if the values of variables X1, X2, X3 and Y remained the same or there was no increase in managerial skill, compensation and career planning variables, then every time the value of job satisfaction increase by one unit, the value of employees' performance would increase by 0.208 because of it had positive effect. The effect of job satisfaction variable was also significant because the Sig number was 0.034 or less than 0.05.

The direct influence of managerial ability on the employees performance variables had the greatest contribution with the highest path coefficient value of 0.388. It meant that the skill of the management of PT. Bank BTPN, MUR Division of Pekanbaru Branch was quite good, so that it helped improving the employees' performance. In order to improve the employees' performance, it was deemed necessary for the company to not only provide high compensation and ideal career path but also for the management to has sufficient managerial skill to make a planning, organizing, implementing and supervising the employees in order to achieve the company's targets.

## CONCLUSION

Based on the results of data analysis and the hypothesis testing, it was found that:

1. The managerial skill of the management influenced the employees' job satisfaction. Thus, it could be concluded that there was a significant relationship between job satisfaction of the employees and managerial skill of the management. The employees would have high job satisfaction if the management had sufficient managerial skill. Therefore, the employees' job satisfaction level of PT. Bakn BTPN Tbk, Mitra Usaha Rakyat Division was quite good.
2. The compensation provided by the company influenced the employees' job satisfaction. The compensation provided by PT Bank BTPN Tbk had been in accordance with the applicable regulation and adjusted to the responsibilities of each employee. Thus, the compensation provided would increase the employees' job satisfaction.
3. Career planning influenced the employees' job satisfaction. Career planning had a significant positive effect on the employees' job satisfaction. Based on the result of this study, it was found that the career planning of employees at PT. Bank BTPN Tbk had been developed well.
4. The managerial skill influenced the employees' performance. The managerial skill had a significant positive effect on the employees' performance. In PT. Bank BTPN Tbk, Pekanbaru Branch the employees' performance would improve if the management had sufficient managerial skills.



5. The compensation provided by the company influenced the employees' performance. Compensation had significant positive effect on the employees' performance. By providing fair and reasonable compensation for the employees, it would help improving the performance of PT. Bank BTPN Tbk, MUR division of Pekanbaru Branch employees.
6. Career planning influenced the employees' performance. The career planning in PT. Bank BTPN, Pekanbaru branch had been developed well so that it helped improving the employees' performance.
7. Job satisfaction had a significant positive effect on the employees' performance which meant that job satisfaction perceived by the employees would improve their performance.

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