



The Influence Merit Pay System in Increasing The Loyalty and Job Satisfaction of Private University Lecturers In Medan

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ABSTRACT

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This research is one of the results of lecturers who get ideas in the development of management science especially Compensation Management, to know-how and influence will occur if the variable Merit Pay is linked to the variables of work loyalty and the impact on the job satisfaction of a lecturer of private universities in the city of Medan. The research method used by this research was conducted on PTS lecturers in Medan, with a total of 65 respondents as samples. The research data was obtained through questionnaires measured using the Likert scale, and SEM processing was statistically carried out with the help of SMART PLS version 3 with the results of the study showing that there is a significant influence between three variables namely: merit pay, work loyalty, and Job Satisfaction. This research was only conducted at Private Universities in Medan, and research variables are limited to merit pay, loyalty, and job satisfaction. This research shows that there is a relationship between variables, where lecturer performance and loyalty have an impact on the merit pay system.

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1. Introduction

The concept of education in Indonesia is based on the Preamble and Article 31 of the 1945 Constitution mandating the Government to seek and organize a National Education System that promotes faith and piety to God almighty and noble morals in order to educate the life of the nation regulated by law that the National Education System must be able to guarantee equal educational opportunities, quality improvement and relevance and efficiency of education management to face challenges in accordance with the demands of changing local life national, and global. In implementing education, a large budget is needed, the allocation of education funds of 20% (twenty percent) is obtained from the State Budget (APBN) and the Regional Budget (APBD)[1]. One accountability mechanism in Shanghai's education reform strategy is state-wide performance-based compensation (PBC), also known as performance- or merit pay. PBC refers to temporary or permanent financial awards or compensation granted to individuals or groups of teachers based upon the attainment of predetermined performance criteria. Performance criteria often used to estimate teaching effectiveness determine rewards tend to include student performance on standardized assessments, teacher participation in professional development activities, , teacher attendance, and student grade point average (Springer, 2009) in [2].

Private universities North Sumatra data in 2020 shows there are 222 PTS with 1,126 study plans. Available courses include 3 doctoral programs (S3), 62 master's programs (S2), 40 jobs, 722 undergraduate programs, 25 applied undergraduate programs D-IV, D-III-diploma 3 There are a total of 272 learning programs, diplomas (DI), and a total of 2 learning programs. In 2020 LDIKTTI 1 North Sumatra has built 222 private universities, including 13,591 lecturers. Among them are 766 dpk civil servant lecturers, 10,212 permanent lecturers Foundation Foundation, 216 lecturers agreed, 2,377 non-permanent lecturers and 20 other status lecturers (LLDIKTI REGION 1 NORTH SUMATRA). According to the results of the initial survey of resource persons, PTS lecturers in Medan have many obstacles that cause low loyalty to the organization, namely dissatisfied with the merit pay system provided by the institution, namely assuming the salaries and rewards received are not in accordance with the workload of superiors. The existence of PTS in the city of Medan will certainly give a new spirit for academics to make a career and achieve their goals. PTS lecturers in particular will have a good performance if it is in accordance with the Merit Pay system.

In general, lecturers expect compensation from universities as a contribution to their work. But in general, the conditions set by universities have not been able to meet lecturer expectations because the



burden of lecturers is greater than the salary received accordingly. In order to meet the needs of future lecturers, PTS management is required. Loyal lecturers are assets that need to be maintained to achieve the objectives of the organization itself. Employee loyalty is absolutely necessary for organizational success. A company with very loyal employees will easily achieve its goals (Soegandhi et al., 2013)[3]. Martiwi et al., (2012) shows that loyalty is an important aspect that must be considered by employees in work. Highly loyal employees will be motivated to work and do their best for the company. Employee loyalty is described as the ability of employees to survive in the long term and make a good contribution to their own work (Zakaria et al., 2019). A loyal employee if he has a high commitment to the organization that develops his work. However, if employees are dissatisfied and do not trust the organization, they will leave the organization. The biggest challenge facing the company is how to retain capable employees so that they have a high level of loyalty to the company .

According to Kadarisman (2016)[4] the preparation of the wage structure must use the results of job analysis in the form of deskripsi pekerjaan or position as the source. From the other hand, it is also necessary to evaluate the work, to know the burden of duties and responsibilities that are real carried out by each worker, whether or not the position is carried out. Evaluation of work / position is an analysis process to determine a reasonable level of price / return, in an effort to develop a fair wage / salary structure.

That workload may change or evolve, in the event of a job dynamic. For example, due to the development or change of business strategy, opening a new business, and others. In contrast to the assessment of the work whose object is the implementation of work or workers or executors of work individually, to know the success or failure in realizing the tasks that are the responsibility of each. In other words, job evaluation, the object is the field of work that knows its weight, while the job appraisal object is workers who know the ability to work. In addition to the results of job assessment and information on the results of work/job analysis to establish compensation or wage structure traditionally, it is also necessary to consider various factors that affect the wages as described above, Kadarisman (2016).

Awarding or otherwise (punishment) should be based solely on the performance of lecturers including behavior (discipline, commitment, and so on). Merit pay is given to attract capable and qualified lecturers in higher education, encourage lecturers to excel, maintain productive and qualified lecturers in order to maintain loyalty, ensure fairness, control costs, follow the rule of law, improve administrative efficiency and improve lecturer performance. In general, lecturers hope to receive compensation given by universities to reflect the contribution of their work. However, universities are often judged less to meet lecturer expectations because the burden of lecturers is greater than the compensation received.

This is supported Robbins, (2012)[5], states that a person's high ability is seen from a great sense of responsibility towards the job, has a high commitment, adapts easily to change, has a high work motivation and can ultimately lead to job satisfaction. In fact, there are still many universities that are not able to provide job satisfaction for lecturers. Many universities think that every lecturer should contribute energy, creativity, and talent to the company to the maximum, so it is not uncommon for universities not to provide reciprocity in accordance with what lecturers have given to universities. This can have an impact on dissatisfaction in maintaining lecturers who have skills in work, then universities should be able to provide fair feedback for universities (Wahyu, 2013) [6].

The management of private universities is necessary to create the satisfaction of lecturers who eventually become loyal. Loyal lecturers are assets that need to be maintained to achieve the goals of the organization itself. Employee loyalty is absolutely necessary for the success of an organization. Companies that have high loyalty employees will easily achieve the goals set (Soegandhi et al., 2013).

Therefore, this research was conducted to find out how much influence the merit pay system has on the satisfaction of PTS lecturers in Medan; the influence of merit pay system on the work loyalty of PTS Lecturers in Medan; and the influence of job satisfaction on the work loyalty of PTS Lecturers in Medan.

2. Literature Review

According to Usmara (2008) in Nugraha (2017)[7], Merit pay is a reward system that is associated with performance because the higher the performance that employees will achieve, the higher the reward they receive. In fact, the merit pay system cannot run in accordance with expectations even many employees do not fully accept the existence of the system of rewards with merit pay, because there are still many shortcomings of the payment system

According to Cahya & Wibawa, (2016)[8], Merit Pay is a form of reward where individuals receive an increase in wages in return for employee performance that is assessed based on employee performance evaluations aimed at rewarding employees and to encourage the best possible performance. If all employees operate on effectiveness and efficiency by utilizing high capability and competence the performance of the



organization will increase. If wages are awarded based on performance, employee motivation to produce performance also increases.

Edison et al., (2016)[9] argue that factors that influence job satisfaction are salary earned, employment itself, promotional opportunities, working conditions, co-workers and job security within the organization. Based on some expert opinions above it can be concluded that job satisfaction is a person's feelings and judgment of his work, especially regarding working conditions, in relation to whether his work is able to meet his expectations, needs, and desires.

According to Kasmawati, (2018)[10], loyalty aspects include:

- a. Obedience is the ability of employees to comply with established rules and obey leadership orders and be willing not to violate prohibitions. Obedience has characteristics of complying with applicable rules and regulations, carrying out orders from superiors correctly, complying with working hours, and providing the best possible service.
- b. Responsible is the willingness of employees to get their work done properly, on time, and dare to bear the risk of decisions taken. Responsible employees have the characteristics of a job well done and the right time, storing and caring for the company's goods properly, not blaming others.
- c. Service is the contribution of thought and energy to the company sincerely.
- d. Honesty is the harmony between action or words and reality. The characteristics of honest employees are to carry out their duties sincerely, not abuse their authority, and report the results of work in accordance with reality.

The research process is made research design from input to produce output and outcome conducted by reviewing merit pay, job satisfaction, and loyalty of PTS lecturers in Medan. To see some data that can be measured statistically and analyzed appropriately so as to provide useful information for many parties, especially for lecturers in PTS Medan.

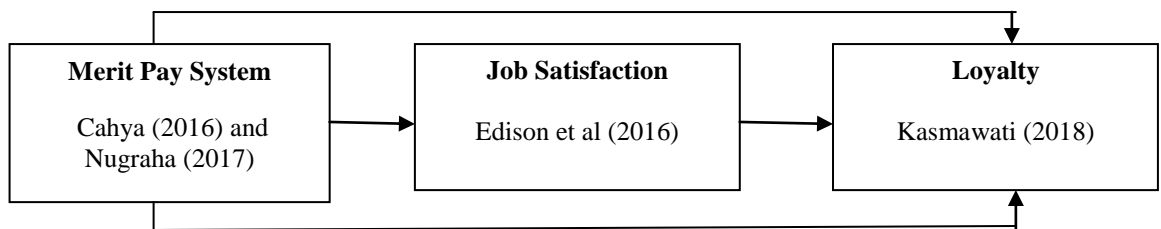


Fig 1. State of The Art

Source: Process Data 2020

3. Method

The method used in this research is the Exoplanatory method, which is research that explains the influence of free variables on bound variables. Free variables include merit pay, intervening variables, namely lecturer satisfaction and bound variables, namely lecturer loyalty. Data processing includes validity test, reliability test, data normality test, descriptive static analysis and regression analysis. Path analysis is used to see the direct and indirect influences between free and bound variables. Data processing using SmartPLS software.

4. Result

4.1. Descriptive Analyze

Private Universities (PTS) which are qualified indications, one of which is the fulfillment of the National Standards of Higher Education (SNPT) applied to ensure that higher education is held in accordance with minimum criteria. In accordance with Law No. 12, 2012, The Higher Education Database (PDPT) is the basis of the higher education quality assurance system and can be used as one of the community's references in choosing universities.

Questions about the characteristics of respondents, researchers need to explain the characteristics of respondents, as for the results of processing about the profile of respondents regarding:

- a. Staffing status with the number of 65 lecturers (92.37%) permanent lecturer status and (7.7%) honorary lecturer at PTS in Medan.
- b. The majority of respondents, aged < 30 years, namely as many as 20% , aged 31-40 years as much as 49.2%, aged 41-50 as much as 23.1%, and the smallest respondents aged >50 years,as much as 7.7%. Thus PTS Lecturers in the city of Medan mostly consist of assisted lecturers.

- c. Male respondents as much as 60% more than female respondents, with a total of 40%, thus PTS Lecturers in the city of Medan who are male gender is the dominant lecturer.
- d. The majority of respondents, educated S2 is 93.8%, while the second respondents are S3 educated, which is as much as 6.2%. This shows that the level of education in PTS Lecturers in Medan is not optimal.
- e. Class of respondents, that respondents who are Expert Assistant Group of 64.6%, more than respondents of the Electorate group of 32.3%, thus pts lecturers in the city of Medan who are juniors are more compared to seniors.
- f. Respondents Based on Working Period are known to the majority of respondents, working with a working period of < 5 years as much as 52.3%, while respondents who work with a working period of 6-10 years as much as 32.3%. This shows that the working period of PTS Lecturers in Medan is relatively short.

4.2. Validity test and Mediation test

Researchers conducted a questionnaire validity test to find out if any statements should be omitted because they were considered irrelevant. The validity test of the questionnaire was distributed to PTS lecturers in different parts of Medan but had similarities such as the characteristics of respondents and the work carried out. In this Validity Test, researchers distributed to 65 respondents.

Table 1.
Validity and Reability Test First Model

	Cronbach's Alpha	rho_A	Reliability composit	Average Varian Extra (AVE)
Job Satisfaction	0.858	0.894	0.890	0.466
Loyalty	0.894	0.903	0.916	0.531
Merit Pay	0.917	0.938	0.929	0.569

Source: Process data 2020

The job satisfaction variable in statement no 18 has a very small coefficient value and affects its invalidity. Therefore, the deletion of statement no. 18 on the second model to obtain valid data.

Table 2.
Validity and Reability Test Second Model

	Cronbach's Alpha	rho_A	Reliability composit	Average Varian Extra (AVE)
Merit Pay	0.917	0.941	0.929	0.569
Loyalty	0.894	0.904	0.916	0.529
Job Satisfaction	0.870	0.900	0.900	0.513

Source: Process data 2020

Table 3.
Significant Test

	Job satisfaction	Loyalty	Merit Pay
Job satisfaction		0.574	
Loyalty			
Merit Pay	0.572	0.328	

Source: Process data 2020

Total Effects saw a direct and indirect effect significance value of 0.328

4.3 Efforts to Increase Job Satisfaction

The current problem as seen in private universities, where with the income system applied to lecturers are very varied where lecturers are asked to work ikhlas and smart work while the salary received is very and very large demands of time given to lecturers, making lecturers less creative in working and as if lecturers are under pressure in work. On the other hand lecturers have dependents to finance the family and this condition is not comparable from the results obtained through working as lecturers and resulting in the work of the original lecturer is ready. A lecturer will get a fixed salary and a fairly decent teaching honor coupled with various other honors, such as guiding services, testing and so on. The income of PTS lecturers depends very much on the policies / rules in PTS where the homebase.

Efforts to increase job satisfaction are expected to be maintained and improved again in order to increase the loyalty of stronger lecturers. The important strengthening is to motivate lecturers both through supervision from superiors, as well as with training needs assessment programs to increase lecturer loyalty to be stronger.



4.4 Effort To Increase Loyalty

Lecturer loyalty can be increased by increasing variables that affect merit pay increase variables. This shows that lecturer loyalty can be improved by improving and strengthening job satisfaction, understanding the mission of the organization. Furthermore, efforts will be put forward to increase variables that affect the loyalty of PTS lecturers in the city of Medan.

5. Conculssion

Based on the results of the previous chapter discussion on the Influence of Merit Pay System in Improving Job Satisfaction and Loyalty of PTS Lecturers in Medan, can be concluded as follows:

- a. Merit Pay lecturers are not optimal, the size is anything received by lecturers, in the form of financial and non-financial as compensation for their service as Lecturers at Private Universities in Medan, it seems that not optimal Merit Pay affects lecturers' job satisfaction significantly. This indicates that the level of job satisfaction of lecturers is generally high where the elements that must be received by each have been met and cared for by the leadership.
- b. Job satisfaction for lecturers is the main thing that should get serious attention from the Foundation, because how lecturers will have optimal loyalty if their job satisfaction is neglected. That the promotion of lecturers can be given in accordance with the rules of lecturers and their form not only in increasing the rank of lecturers, but can be in the form of positions. Other forms are increased income and employment guarantees in accordance with labor regulations, such as health insurance, work safety guarantees and pension guarantees. Occupational health and safety is important for morale, legality, and finance as all organisations have an obligation to ensure that lecturers remain safe at all times.
- c. The overall loyalty condition of lecturers is in a bad category towards good. The dimensions in this study consisted of three dimensions, where the dimensions with the highest average value were the Pride dimensions in the working group. The simultaneous influence of Merit Pay on work loyalty, mediated by continued commitments proved significant. The partial influence of organizational culture and continuity's commitment to work loyalty have a significant influence. The empirical evidence shows that organizational culture can influence work commitment and loyalty and with a high continuum commitment will encourage increasing work loyalty to lecturers.
- d. In an effort to increase Merit Pay towards work loyalty, PTS is expected in Medan to further improve the job satisfaction of lecturers who are able to develop lecturer loyalty, especially for aspects; maintain relationship stability for lecturers, and lecturers compete in a healthy way. Efforts to improve lecturers' Merit Pay towards lecturer satisfaction and work loyalty, are expected to further improve the welfare condition and quality of lecturers.

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