

Leadership Role and Human Resource Development on Employee Work Achievement Through Compensation at “X” Hospital in Kediri

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Abstract: The objective of research was to understand the effect of leadership role and human resource development on employee compensation, to analyze the effect of leadership role and human resource development on employee work achievement and to recognize the effect of compensation on employee work achievement. Research was located at “X” Hospital in Kediri. The schedule of research was allocated for 10 months starting from 13 October 2013 to 13 June 2014. The sample was determined by the author based on the degree of population heterogeneity and therefore, sample would represent the population. Heterogeneity of organizational members was understood in several aspects such as age, sex education and tenure. The sample was counted for 81 persons after Slovin Equation was operated. Data analysis instrument was path analysis. Result of research indicated that “leadership index” with its role components such as interpersonal role, informational role and decision-making role had a positive and significant effect on employee compensation at “X” Hospital in Kediri. Leadership index with its role components also brought positive impact on work achievement. Leadership index with satisfaction components including work satisfaction to hospital progress, responsibility, recognition, work achievement and work description, had negative effect on employee work achievement at “X” Hospital in Kediri. Compensation was positively influential to employee work achievement at “X” Hospital in Kediri.

Key words: Human resource • Compensation • Work achievement • Leadership • Hospital

INTRODUCTION

Human resource is surely the most distinctive asset for hospital organization but also the most vulnerable, the most genuine and the most unpredictable. Every employee has different background and this background influences employee’s expectation, which in turn will influence the relation dynamic between human and hospital organization. The expectation from individual or employee group may be similar, different to each other, or contrasting against what the hospital expects. The interaction of both expectation and goal and also its negotiation, may influence psychological contract that shapes organization culture. This situation indeed colors human resource environment in the hospital.

Discussion about human resource starts to be the center of attention. Human resource management is the effort to integrate personnel demand with organization goal and it helps keeping individuals to be able to satisfy their demand while they pursue for organization goal. Nowadays, recognition to human position is important issue. It is about encouraging the work-oriented community to see the work as the respectable activity without disregarding the status of human who perform the work. The work done by human as organization member may be influenced by different personalities, including self-characteristic, attitude, value, desire and interest and also by leadership. In general, leadership involves processes of influencing other to determine organization goal, motivating other or follower to behave toward the

goal and persuading the group to conduct culture redefinition. Leadership also concerns with influencing the interpretation of follower about events, organizing activities to achieve goal, maintaining cooperative relation and group working and enlisting support and cooperation from people beyond the group or organization.

The performance of hospital organization is the outcome of individual decision made perpetually by management. Therefore, performance assessment must involve analysis against what is the impact of managerial decision on human resource and comprehend this through comparative measure. Performance assessment method must be selected based on the data publicized and also pursuant to the general principle of human resource management. Report documents from the hospital represent the most available data for research objective but it often does not reflect the actual result and condition of the hospital.

According to Gibson (2003), work performance is the output of the work in relative with organization goal, performance efficiency and performance effectiveness. Performance is defined by Payaman Simanjuntak (2005) as the output achievement rate from certain assignment. Organization performance is then the output achievement rate in the realization of organization goal. Performance management is the entire activities to improve the performance of organization or company, including the performance of individuals and work groups in organization. Because organization is basically run by human, then performance assessment is the matter of assessing the behavior of human who plays their role in the organization. The definition of performance in management field is determining certain measures that measure the success of a company in producing work productivity or work achievement.

According to Syafarudin Alwi (2001), theoretically, the goal of assessment is arranged into the category of evaluation and development. For evaluation matter, the assessment provides important results to be used as the base for:

- The decision concerning with compensation;
- The decision related with staffing; and
- The evaluation of selection system.

Developmental assessment requires the assessor to understand:

- Real achievement obtained by the individual;
- Individual weaknesses that hamper performance; and
- Achievement that must be developed.

Samsudin (2005:159) mentions that “performance is the assignment implementation rate that can be achieve by individual, unit or division using the existing capacity under the preset conditions to attain organization goal”. Performance assessment, for Mondy & Noe (2005), is a formal review and also the evaluation against the performance of individual or teamwork. As said by Dessler (2003), performance assessment is to evaluate relative performance of the employee in current days and/or the past based on standard of achievement.

The relationship between performance evaluation and human resource development can be elaborated as follows. The activity of human resource shall always be evaluated to understand the performance because it helps determining the compensation and the achievement of hospital organization. Compensation is a function of human resource management and the delivery of compensation is not easy task. Not only compensation handover is a complex task, but also it is the most sensitive, or also meaningful, issue to the employee and organization. Compensation is something accepted by the employee as the recognition for their work contribution to company or organization. Compensation handover is one function of human resource management and it can take a shape of all kinds of individual awards as long as it represents fair exchange for accomplishing organization task. Rival (2004) asserts that compensation is the 21st century main cost for the expense of skill or work and for the loyalty to the company business.

Human resource development plays very important role to attain organization goal and therefore, compensation is an important consideration. As noted by Sastrohadwiryo (2003), compensation is not only sensitive but also influential to the moral and discipline of the workers. Therefore, every company or organization gives the compensation that balances with workload incurred by the workers. Indeed, the work fostering goal may be needed to create efficient and effective workers. Moreover, organization goal to improve service quality must be supported. Based on such mindset, it can be said that the effect of performance and human resource management on work achievement through compensation to hospital employees will have a function as a signifier and control mechanism that guides and shapes performance, which in turn influences indirectly work achievement. The author is interested to examine leadership role and organization goal in the hospital by selecting the title “Leadership Role and Human Resource Management on Employee Work Achievement at “X” Hospital in Kediri”.

Method of Research: Location of research is at “X” Hospital in Kediri. The allocated time is 10 months from 13 October 2013 to 13 June 2014. Some reasons were behind the selection of research location, precisely: (1) “X” Hospital in Kediri attempts to improve its quality service toward premium level in order to obtain its promotion into Type B Hospital; (2) the number of patient at “X” Hospital in Kediri tends to increase; and (3) it becomes the target of the best hospital in Kediri and is ready to be appointed as the education hospital.

Research type is based on survey. It takes sample from a population and questionnaire is main instrument for data collection. The analysis unit in survey is usually individual (Singarimbun, 1989). Therefore, the analysis unit is the employee of Local Public Hospital in Kediri Regency, precisely in Pare, Kediri, East Java. If compared with research objective, this research insists on examining the relationship between leadership role and organization culture on employee performance. This research is categorized into explanatory research because this research explains the relation between variables and attests predetermined hypotheses (Singarimbun, 1997).

Data Collection Method: Sample is the part of population or the section of number and characteristic in the population (Mantra and Kasto in Singarimbun, 1997). Sample is determined through survey on the population, by which sample is collected and used to determine the expected characteristic from the population. The size of the sample must be representative and counted using Slovin Equation as suggested by Umar (1999) in the following:

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

Note:

n= sample size

N= population size

e =imprecision slack presentation due to sampling error but that still can be tolerated or operated.

Using precision level of 10%, sample size can be recognized as following:

$$n = \frac{525}{1 + (525)(0.1)^2}$$

n=81 employees

Sample size is determined based on the estimation of population heterogeneity degree and thus, most proportions of the sample indeed represent the population. Heterogeneity of organizational members was considered by operating several aspects such as age, sex education and tenure.

Sampling technique is Proportional Random Sampling (Arikunto, 1999) where the sample is taken randomly in proportional number. This sampling technique is used because in the hospital, there are few work units with less similar number of employees.

Variable of Research: The operation elements of this reserach include leadership role variables that focus upon behavior and effectiveness of leadership. Yukl (1998) declares that there are several roles of leadership, such as planning and organizing, solving the problem, giving the information, monitoring, motivating and inspiring, consulting, delegating, supporting, developing and guiding, managing the conflict and building the team, building the work network, admitting and providing the return.

Operational definition of above variables sees organization goal at assumption level. Billief in theory of Schein (1991) has connected leadership role variables with several dimensions such as the relationship between organization and environment, the essence of human activity, the essence of reality and truth, the essence of time, the essence of human characteristic, the essence of interpersonal relation and homogeneity vs diversity. Employee performance is dependent variable (Y) and the elements involve work quantity, work quality and punctuality.

Data Analysis: Path Analysis is developed by Sewal Wright in 1934. Bohrnstedt defines path analysis as “a technique for estimating the effect of a set of independent variables has on a dependent variable from a set of observed correlations, given a set of hypothesized causal asymmetric relation among the variables” (Riduan and Kuncoro 2011 quoted by Sunjoyo et al, 2013).

Path analysis is the extension of multiple regression to assess causality relationship (cause-effect) among variables and to examine the contribution of each exogenous variable to endogenous variable (Ghozali 2006, Riduan and Kuncoro 2011 quoted by Sunjoyo et al, 2013). Causal relationship test is made based on the theory stating that the reviewed variables have causal relationship. Path analysis is not designated to reduce

Result of determination coefficient is aimed to acknowledge how far the percentage of leadership and human resource development can explain and be influential to compensation. Result indicated that determination coefficient of independent variables, as resulted from factor analysis, can be elaborated as follows. “HR Development and Work satisfaction” is influential to compensation in 90.5%, whereas the remaining 9.5% are influenced by other variables beyond this research. The regression equation is then becoming:

$$Y = 4.140 + 0.951X1$$

Note:

Y = Compensation
X1= “Leadership Index”

As shown by the result of path analysis, “leadership is positively and significantly influential to the compensation given at local public hospital in Kediri”. It means that the increase of 1 unit in the interpersonal role, informational role and decision-making role played by the leader at “X” Hospital in Kediri, will increase compensation into 0.951 point. Result showing that leadership is influential to compensation is supporting Hypothesis 1 stating that leadership is positively influential to compensation. Therefore, Hypothesis 1 is accepted.

Respondents assume that leader is assigned to determine the direction of hospital wellbeing, hospital progress or employee welfare, including medical or non-medical employees. It is also assumed that the decision made by leader may influence compensation either financially or non-financially because it is leader’s role that determines employee wellbeing, or that determines how far leader can bring employee into favorable welfare rate, or that determines whether leader makes good or bade policy for the behalf of all employees and of the hospital. Leader role is being the captain who determines the path to be taken by the organization and ensures whether it will give good or bad consequence. One role strongly attended by respondents is being disturbances handler that requires the leader to determine the step to be pursued to avoid the disturbances in the hospital.

Disturbances may hamper a leader in making decision relevant with policy. Second role is being resources allotter, meaning that various sources needed for decision-making by leader must be allocated accurately and based on genuine sources without risk of disorder. Third role is being good negotiator for the employee

because leader is expected to direct employee toward welfare through compensation. Indeed, compensation given by “X” Hospital in Kediri involves financial and non-financial compensations.

As noted in Prasetyo (2014), leadership style may influence positively and significantly employee work satisfaction, as proved by coefficient of correlation of 0.515 and t-count of 5.128 at significance level of 0.000. Compensation is positively and significantly influential to employee work achievement.

The Effect “Leadership”, “Organization Culture and Employee Competence” and “HR Development and Work Satisfaction” on Compensation at “X” Hospital in Kediri

Variables	Beta Coefficient
Constant	6.657
“Leadership”.	0.187*
“Organization goal and Employee competence”	0.174
“HR development and Work satisfaction”	-0.088***
Note:	0.801***
R square = 97.2%	
R-adjusted = 97.0%	*** : p ≤ 0.000
N = 81	*) : p ≤ 0.05
F- count = 649.643	

The result of determination coefficient is aimed to understand how far the percentage of leadership, human resource development and compensation, can explain and be influential to employee work achievement at “X” Hospital in Kediri. Result of the calculated determination coefficient indicates that independent variables from factor analysis, including “Leadership”, “Organization Culture and Employee Competence” and “Human Resource Development and Work Satisfaction” and also compensation, are influential to work achievement for 97.2 %, while the remaining 2.8% are influenced by other variables out of this research. Regression equation is obtained as follows:

$$Z = 6.657 + 0.187X1 - 0.088X3 + 0.801Y$$

Note:

Z = Employee work achievement
X = “Leadership”
X3 = “HR development and work satisfaction”
Y = Compensation

Based on result of path analysis, “leadership” has positive impact on employee work achievement at “X” Hospital in Kediri. It means that 1 unit increase in the interpersonal role, informational role and decision-making

role played by the leader at “X” Hospital in Kediri, can increase work achievement into 0.187 point. That leadership influences work achievement is supporting Hypothesis 2 stating that leadership is positively influential to work achievement. Thus, Hypothesis 2 is accepted.

Respondents have assumed that decision-making done by leader is influential to compensation, either financial or non-financial. Leader plays important role to ensure the welfare of hospital employee, to bring benefit for the hospital and employees and to make good policy for the favor of hospital and employees. Leader is considered as the captain who determines the faith of the organization whether it is good or bad. One role given highest priority is being disturbances handler, where leader determines step to be taken to avoid disturbances in hospital. Disturbances can hamper a leader in making relevant decision and policy. Second role is being resources allotter, where various sources are needed for decision-making and it must be allocated accurately or be genuine sources without disorder risk. Third role is being good negotiator for the employee because leader is required to bring employee toward welfare through compensation. Compensation given at “X” Hospital in Kediri includes financial and non-financial compensations.

Compensation improvement may increase employee enthusiasm toward achievement. One motivation from the employee must be financially wealthy and being recognized with non-financial compensation. Someone who obtains non-financial recognition may also be motivated to increase work achievement. “X” Hospital in Kediri provides recognition to employees at middle-high levels because work satisfaction from the employees after being recognized will motivate them to increase work achievement. Recognition given to employees at middle-low levels is aimed to increase their motivation to produce better work. The hospital provides financial compensation in the contest of the best performing employee.

Leadership role is meant to be the expected set of behavior from someone in leader position. Leader role is very huge in decision making and taking huge responsibility for the result.

Interpretation of Paths:

Result of path analysis has produced two regression equations from SPSS Version 16.00.

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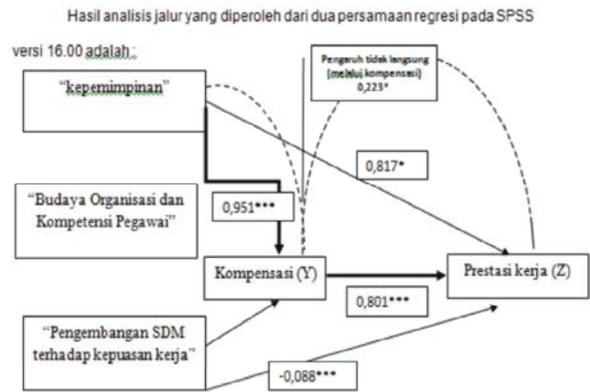


Figure above is the elaboration of path analysis result. Two regression equations exist. There are direct and indirect effects. “Leadership” directly influences compensation. “Human resource development and work satisfaction” are directly influential to work achievement. Compensation also directly influences work achievement. “Leadership” has an indirect effect on work achievement because it involves an intervening variable, namely compensation. Respondents assume that leadership influences work achievement through compensation, meaning that there is “red line” between leadership and work achievement. Every different leader has different vision and mission for their organization. But, their goal may be similar because they want for the best for organization. However, different leader can make different policy. Leader who delivers generous financial and non-financial compensations will directly or indirectly impact on greater contribution to work achievement. A leader can ensure the achievement of employee through compensation policy.

CONCLUSION AND SUGGESTION

Conclusion: “Leadership” that involves items such as interpersonal role, informational role and decision-making role, has a positive effect on compensation for employees at “X” Hospital in Kediri.

“Leadership role” consisting of interpersonal role, informational role and decision-making role, has positive effect on work achievement. “Human resource development and work satisfaction” that includes work satisfaction to hospital progress, responsibility, recognition, work achievement and work itself, have negative effect on employee work achievement at “X” Hospital in Kediri.

Compensation is positively influential to employee work achievement at “X” Hospital in Kediri.

Suggestion: “X” Hospital in Kediri has professional human resource and therefore, leader role is to improve the performance of this human resource. Being good negotiator for expert employee and policy-maker is recommended.

Human resource development can be done through formal and non-formal training. It is needed to improve self-development among the employees and to increase their performance.

Improving performance may need fair compensation based on performance (Remuneration).

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