

THE IMPACT OF SELF-ACTUALIZATION AND COMPENSATION TOWARDS MULTIPURPOSE COOPERATIVE MANAGERS' WORK PERFORMANCE IN SEMARANG

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ABSTRACT

Article 33 of the 1945 Constitution of the Republic of Indonesia puts the cooperative as the pillar of our national economy. However, its contribution to national economy is hardly significant due to several constraints; among them is human resources. The purpose of the study is to analyze the impact of self-actualization and compensation towards the working performance of multi-purpose cooperative managers by using quantitative approach. This research used purposive sampling technique and collected a sample of 114 multi-purpose cooperative manager of 168 population using. Binary regression is used in descriptive statistics test. The results show that both self-actualization and compensation have significant influence towards the working performance of multi-purpose cooperative managers in Semarang.

Keywords: *self-actualization, compensation, working performance*

INTRODUCTION

Cooperative is defined as a business entity consisting of individuals or legal entities. All the bases cooperative activities based on the principles of economic cooperation as well as people's movement that is based on a family basis (Law 25/1992). Based on the statistic, cooperative trend develops from year to year but its development falls behind other business entities, even though it is well known by most Indonesians. Based on its function, most of micro and small scale cooperatives in Semarang are categorized as multi-purpose cooperatives where they organize more than one function in serving their members.

As a strategic economic institution that serves as either stimulant or booster factor in the economic activities, cooperatives have to manage several weaknesses and among them is human capital problem. Human capital still needs to be managed optimally to improve its Works performance. Self-actualization and compensation variables are significantly influenced the performance of cooperatives managers. Recent condition indicates that compensation received by cooperatives managers is not equal to that received by managers of the same managerial position of other business entities on one side, while the demand to manage the cooperatives do develop and survive in the competition becomes a burden for them on the other.

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In addition to the insufficient financial compensation received, there is an expectation from the cooperatives managers to take part in developing the national economy that raises psychological need called self-actualization which is an internal factor.

Based on the assumption above, the cooperatives managers' working performance is affected by the need of self-actualization i.e. an internal factor and compensation received i.e. an external factor. Hence, the problem is formulated into an associative problem covering how significant self-actualization and compensation factors individually affect the multi-purpose cooperatives managers' performance in Semarang.

This research aims at analyzing whether self-actualization and compensation factors affect the working performance of the multi-purpose cooperative managers in Semarang.

LITERATURE REVIEW

Performance is generally defined as a person's success in carrying out his work. Employee performance is the result of work achieved by a person in carrying out the tasks assigned to him to achieve his work target. An employee can work well if he has a high performance so that he is able to generate good work. Employee performance is one of the determining factors in the success of an institution or organization in achieving its objectives. Performance is a true behavior displayed by every person as a working performance produced by an employee in accordance with his role in the institution. Performance is a description of the level of implementation achievement of an activity or a program or policy in realizing a goal, an objective, a mission and a vision of an organization as stated in its strategic plan.

Performance is the total result of a person under a certain period in carrying out a task, such as work standard, target or goal of predetermined criteria which have been mutually agreed upon (Veithzal, 2005). According to Maltis and Jackson (2002) employee performance is the extent of significance a person contributes to an organization. According to Gibson (2001), theoretically there are three groups of variables that influence the work behavior and performance, namely: individual variables, organizational variables and psychological variables. These three groups of variables influence the work groups which ultimately influence the performance of an employee.

In this study, employee performance is measured based on a specific behavioral criteria since such measurement receives broader attention in empirical research on organizational behavior and human resource. This type of research has actually been applied for quite some time (Gomes, 2003). Behavioral measurement emphasizes more on the means or the ways in achieving goals, and not on achieving the final results itself. Behavior-based performance measurement allows the disclosure of a broader aspect of work so that a comprehensive representation of performance is achieved. The main weakness of this measurement criterion is that it is susceptible to measurement bias since such performance is measured based on perceptions. To overcome this issue, it is therefore recommended to use instruments that measure performance from various aspects of specific behaviors, such as innovative, initiative taking, the level of self-potential, time management, achievement of

quantity and quality of work, ability to achieve goals, relationships with colleagues and customers, and knowledge of the company's products and competing products (product knowledge) (Babin and Boles, 1998; Bono and Judge, 2003).

At the managerial level, performance is also related to a perception of self-actualization. Self-actualization is an impulse to become what a person is able to become that is including growth, achieving his potential and self-fulfillment, etc. AH Maslow (Robbins, 2003) mentioned the hierarchy of humans' needs, self-actualization represents growth of an individual toward fulfillment of the highest needs. The highest need is fulfilled internally, within the individual in question, whereas lower needs are fulfilled externally. It is stated that self-actualization can, among other things, be realized through a demonstration of competence. Hence, it can be predicted that through a performance opportunity, the need for self-actualization may be fulfilled.

Formulated conceptually, self-actualization is a desire or a tendency for an individual to become actualized in what he wishes and to become everything that he is capable of becoming, including in growth/development, potential achievement, and fulfillment of self-needs.

Compensation is an appreciation, therefore it is often interpreted that every form of appreciation given to individuals is remuneration for the contributions to the institution. In order for a compensation become effective in encouraging motivation, a compensation should be able to meet the basic needs and it must also consider the existence of external justice and internal justice, and it is awarded according to the individual's needs. "Employee compensation refers to all forms of pay going to employees and arising from their employment" (Dessler, 2012).

Compensation policy is an important and strategic policy since it is directly related to increase in work morale, motivation, and employee performance in an institution. The formulation of compensation policy that is appropriate, from the aspects of justice and feasibility will have an impact on an employee so that the employee is motivated to carry out various activities that lead to the achievement of institutional objectives. In the event of a reverse condition, it will make the employee experiences job dissatisfaction which then leads to deterioration of work motivation wherein its associated impact causes a decrease in the employee's performance.

Based on the above description, the research hypotheses are:

1. Self-actualization had a significant positive effect on the performance of business managers in Semarang.
2. Compensation had a significant positive effect on the performance of business managers in Semarang

METHOD, DATA AND ANALYSIS

This study used a survey method. By using a survey method, the researchers were able to explore and formulate a descriptive research objective (Sukardi, 2004: 15). We used primary data as the source for this research, namely the managers of multi-purpose cooperatives in

Semarang, a population of 168 people and a sample of 114 respondents using the purposive sampling technique. The research employs a quantitative approach. The approach examines the influence of two independent variables i.e. self-actualization and compensation on dependent variables i.e. manager performance without manipulating its independent variables.

The operational definition of self-actualization variable is the utilization of self-potential which includes several dimensions, namely self-potential exploitation, self-potential recognition, self-empowerment in the managerial; self-development which include several dimensions, namely advanced study, training, job training; the workload which includes several dimensions, namely managerial and non-managerial tasks; perception of idealism, which include several dimensions, namely professionalism and business attitudes; perceptions of the challenges which include several dimensions, namely anticipation of professional challenges, controlling demands of manager profession, and solution to the profession challenges in the future.

The operational definition of compensation variable can be viewed from several dimensions, namely the amount of compensation which includes several sub-dimensions, namely comparison with the minimum cost of life necessities, the expenditures and benefits; internal justice which includes several sub-dimensions, namely the value of sacrifice, and the relative value of work; external justice which includes several sub-dimensions, namely the supply and demand of cooperative management staff, and the feasibility of compensation; incentive system which includes several sub-dimensions, including incentives of production service.

The operational definition of dependent variable performance is the work result achieved by an individual in carrying out a task assigned to him to achieve a work target. Performance is a description of the level of implementation achievement of an activity/policy in realizing a goal, an objective, mission and vision of the organization as stated in the strategic planning of an organization. The term performance is often used to refer to an achievement or success rates of an individual and groups of individuals. Performance can be identified only if the individual or a group of individuals has predetermined success criteria. These success criteria are in the form of specific goal or target to be achieved. However, a performance essentially has a broader meaning, not just work, but also includes the way the work process takes place.

The next step is to design every question in the questionnaire from every variables-indicator and then test them for the validity and reliability, so only qualified questions will be used in the data collection survey. The data obtained were then tested for classical assumptions, namely tests of normality, linearity, multicollinearity, and heteroscedasticity. The results of the classical assumption test fulfilled the requirements so the data obtained were feasible to use the regression analysis tool.

Descriptive analysis produces output statistics, frequency table and histogram, which can be interpreted as follows: N = 114 means that the number of valid data to be processed is 114 samples. Missing = 0 indicates that there is no data that has not been processed. The mean

or average of performance variable is 57.26, average of self-actualization variable is 67.84 and average of compensation variable is 57.23. This means that if the total number of performance scores is added up and divided by 114 (the number of respondents), the result is 57.26. Whereas if the total number of self-actualization scores is added up and divided by 114 (the number of respondents), the result is 67.84. Furthermore, if the total number of compensation scores is added up and divided by 114 (the number of respondents), the results is 57.23.

The median of the performance variable is 56 and the median of self-actualization variable is 67 while the median of compensation variable is 58. This means that half of the respondents (50%) have a perception of performance 56.00. Likewise, half of respondents (50%) has self-actualization perception of 67.00 while the other half (50%) has the compensation perception of 58.00. The standard deviation for the performance variable is 5.921, the standard deviation for self-actualization variable is 5.354 and the standard deviation for compensation variable 5.798. Standard deviation is used to assess the average of respondents' dispersion, this means that the average respondents' dispersion on performance is 5.921, the average respondents' distribution on self-actualization is 5.354 and the average respondents' distribution on compensation is 5.798.

The range for performance variable is 30, for self-actualization variable is 27 and for compensation variable is 22. This means that the difference between respondent's perception on the biggest and smallest performance is 30, the difference between respondent's perception on the biggest and smallest self-actualization is 27, and the difference between respondents' perception on the biggest and smallest compensation is 22. The minimum score for performance is 47, self-actualization is 57 and compensation is 48, while the maximum score for performance is 77, self-actualization is 84 and compensation is 70. As a comparison, a potential score can be used based on the number of question for each variable. By predicting that each question has the lowest score of 1 and the highest 5, the minimum potential score is 22 and the maximum is 110 for self-actualization variable, and the minimum potential score is 23 and the maximum is 115 for the compensation variable. Likewise, the minimum potential score is 22 and the maximum is 110 for the performance variables.

Looking at the output frequency table for performance, the majority of perceptions on performance falls in the range of 55 (22 respondents i.e. 19.3%). When compared to the mean performance (57.26) this can be interpreted that the performance level of the majority of our respondents is above the average performance level (of the whole respondents). On the other hand, the result shows that the self-actualization perception is 64.65 and 67 (13 respondents i.e. 11.4%). If we compare this with the mean of self-actualization (67.84), it can be interpreted that the perceived self-actualization of the majority of respondents is below average. The perception of compensation is mostly falls in the range of 59 (14 respondents i.e. 12.3%). If we compare this with the mean of compensation (57.23), it can be interpreted that the majority of respondents' compensation perception level is above average.

Looking at the histogram output, the height variation of each bar i.e. the performance, self-actualization and compensations signifies a resemblance to a normal curve (bell-shaped). The similarity of variation in the histogram stem with the normal curve suggests an interpretation that the data distribution is near normal to normal.

To find out the effect of independent self-actualization variables on performance dependent variables, we applied a simple regression analysis. Output from the analysis can be interpreted as follows:

- From the descriptive statistics and output correlations: the result shows that the average perception of performance of all-business cooperative managers in Semarang is 57.26. While the average perception of respondents on self-actualization is 67.84.
- The same output also shows that the value of p (sig) is 0.000 and the value of r = 0.608. Because the value of $p < 0.05$, the relation between the independent variable of self-actualization and the dependent variable of performance may be determined as significant, while the strength of its influence is indicated by the amount of r is 0.608.
- The output variables entered/removed and the output model summary show that the value of $R = 0.608$ and $R \text{ square} = 0.370$. This indicates that 37% performance of multi-purpose cooperative managers in Semarang was influenced by self-actualization variable, while the rest was influenced by other variables.
- The standard error of estimate is 4.723. This number is smaller than the standard deviation of the performance variable (5.921). If the standard number of estimate error is smaller than that of the standard deviation, the regression model is thus considered feasible to use.
- Next, we look at the ANOVA output. The F value = 65.646 with $p = 0.000$. While the calculation results in p value = 0.05, the regression can be used to predict the performance. The coefficient output shows that the B constant value = 11.652. This means that if we disregard the self-actualization, the result of perception on performance is 11.652. The B self-actualization value = 0.672 indicates that every addition to the value of self-actualization perception will increase the perception on performance by 0.672.
- Looking into the output coefficient, the t count on self-actualization = 8.102, degrees of freedom (df) $N - 2 = 114 - 2 = 112$, the value of t table at a confidence level of 95% or a significance level of 5% is 2.617. Because t count is greater than the t table, it is concluded that the regression coefficient is significant, or in other words, the variable of self-actualization influences the performance variable significantly at 95% confidence level.
- The output of Casewise Diagnostics in the first row of predicted value is 56.02 indicating that if the regression equation $Y = a + bX$ is manually operated, it will result in 56.02. In addition to using a regression analysis to determine the effect of free variable compensation on performance dependent variables, we also used a simple regression analysis. The results of the analysis are as follows:
- Descriptive statistics and output correlations: The results show that the average perception regarding the performance of multi-purpose cooperative managers in

Semarang is 57.26 and the average perception of respondents regarding the compensation is 57.23. The output also shows the value of p (sig) = 0.000 and the value of $r = 0.399$. Because the value of $p < 0.05$, the relation between the independent variable compensation and the dependent variable of performance may be determined as significant, while the effect power is indicated as $r = 0.399$.

- The output variables entered/removed and the output model summary shows the value of $R = 0.399$ and R square = 0.159. This indicates that 15.9% performance of multi-purpose cooperative managers in Semarang was influenced by the compensation variable, and the rest was influenced by other variables. The standard error of estimate is 5.454, this number is smaller than the standard deviation number of the performance variable (5.921).
- If the standard number of error of estimate is smaller than the standard deviation number, the regression model is considered feasible to use. Furthermore, looking at the ANOVA output, it shows that the value $F = 21.185$ with $p = 0.000$. Because the p value < 0.05 this regression can be used to predict the performance.
- The output coefficient shows that the B constant value is 33.951 which means that if compensation is ignored then the power of perceptions on performance is 33.951. The value B compensation = 0.407 indicates that every addition to the values of perceptions on compensation will increase the perception on performance by 0.407. The output coefficients shows that the t count at compensation is 4.603, at the Degree of Freedom (df) $N - 2 = 114 - 2 = 112$, the value of t table at a confidence level of 95% or a significance level of 5% is 2.617. Because t count is greater than the t table, it is concluded that the regression coefficient is significant, or in other words, the compensation variable has an influence on the performance variable significantly at a 95% confidence level. The output of Casewise Diagnostics in the first row of predicted value = 56.36 indicates that if the regression equation $Y = a + bX$ is manually operated, it will result in 56.36.

CONCLUSION

We conclude that self-actualization had an effect on performance. The effect is 0.608, the contribution is 37%, and compensation has an effect on performance, i.e. 0.399, and its contribution is 15.9%.

The results of statistical analysis show that all alternative hypotheses are accepted:

- (1) There was a significant effect of self-actualization on the performance of all business cooperative managers in Semarang
- (2) There was a significant effect of compensation on the performance of all business cooperative managers in Semarang.

Based on the above findings, in order to improve the performance of managers of multi-purpose cooperatives in Semarang, we suggest that it shall start from meeting the most basic human needs, i.e. improving the financial compensation. In addition, efforts are needed to foster self-actualization needs, because in essence, these needs are in line with the intellectual and social level of the managers of multi-purpose cooperatives in Semarang.

In order to further develop the performance management of all-business cooperative managers in Semarang, we propose that future researchers to find out more on the dominant factors affecting the performance of the managers.

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