

The Impact of Compensation on Task Performance of Employees in Electrical, Electronics and Telecommunications Industry Group in Thailand

by

Praphan Chaikidurajai
Graduate College of Management
Sripatum University, Bangkok, Thailand
E-mail: praphan.ch@spu.ac.th

Abstract

This purpose of this research was to study about the impact of compensation on task performance of employees in electricity, electric and telecommunication industry group in Thailand. The research methodology is a survey research by using questionnaire to collect data. The population is the employees in electricity, electric and telecommunication industry group in Thailand. Random Sampling the author used is Accidental or Convenience Sampling. The questionnaires were verified for content validity by experts and tried out the reliability by using Cronbrach's alpha coefficient. Statistical Data Analyses using in this research are frequency, percentage, mean, standard deviation and multiple regression. The research was found out that compensation in terms of only non-financial compensation both work and work environment have an effect on task performance of employees in electricity, electric and telecommunication industry group in Thailand.

Keywords: Compensation, Task Performance

1. Introduction

Since this research is subject to the effect of human resource practices on task performance of employees in electrical, electronic and telecommunication industry group in Thailand which was studied from management or specialist or officers in human resources department. It was found out that human resource practices in the aspect of compensation has a medium level of mean and lowest average. Besides, human resource practices in term of compensation also have an impact on task performance of employees in electrical, electronic and telecommunication industry group in Thailand. Meanwhile, the author has a chance to participate in salary and welfare survey project in national industrial group with Human Capacity Building Institute (HCBI), The Federation of Thai Industries. It was found out that the employees resign from the company is because of compensation. Therefore, the author is interested in conducting research related to the impact of compensation on task performance of employees in electrical, electronic and telecommunication industries.

2. Literature Review and Hypotheses

Mondy and Noe (2005) gave the meaning of compensation that all rewards which employees received by exchanging with work including wage, salary, incentives and other benefits. Total compensation which organization has paid to employees can be divided into two types which are financial compensation and non-financial compensation by:

1. Financial Compensation means money compensation or something can be assessed, useful for economic or money for employees including direct financial compensation and indirect financial compensation.

1.1 Direct Financial Compensation means money that is paid for employees in terms of wage, salary, overtime payment, incentives, allowance, bonus or lump sum prize.

1.2 Indirect Financial Compensation means rewards for employees aside from direct financial compensation which are called as welfare or fringe benefits from organization to employees.

2. Non-Financial Compensation means compensation received from work and work environment.

2.1 Non-Financial Compensation from work means interesting job, challenging job, responsibility, opportunity to get promote, admiration, recognition and pride of work.

2.2 Non-Financial Compensation from environment means good compensation policy, good command, good colleagues, participation, environment and good workplace.

A-longkorn Mesutha and Smith Satchachukorn (1999) identified the meaning of task performance of employees in organization that the result from work results by employees in organization both direct and indirect way which assigned by supervisors to achieve the 15 organization's goals.

3. Task performance consists of the 15 organization's goals as follow:

3.1 Quantity means the amount of work's results under efficiency and effectiveness.

3.2 Quality means working according to the rules; the works have positive results and benefits for everyone as well as organization.

3.3 Work Knowledge means the employees have knowledge and understanding of work process to achieve the goal.

3.4 Equipment Skill means the knowledge of using material and equipment with the adequate understanding and regulation as well as helping together to maintain the equipment and concerning about caution.

3.5 Ability to learn new task means fast and right understanding of learning new jobs.

3.6 Work Responsibility means the attention in work and the awareness of how important of work and always finish work on time.

3.7 Human Relation means employees can work and have good relationship with colleagues.

3.8 Punctuality means the respect of work time policy and regulation.

3.9 Communication means clear, easy and understandable model and system of communication throughout the organization.

3.10 Creativity means employees must have developing new idea or working process to be related to the change by using creativity to be guideline of work.

3.11 Cooperation and Coordination means co-operation to achieve goal of work and activity together.

3.12 Behavior and work according to the regulation means appropriate behavior according to the rules and regulations.

3.13 Reliability means ability to work right according to the assignment with efficient result.

3.14 Problem solving and decision making means thinking system, analysis or intelligence to create thing related to employees' work performance.

3.15 Self-development means to be always continuing having self-knowledge and development related to work.

Osibanjo, A O., AA Adeniji, HO Falola & PT Heirsmac Princess Thelma Heirsmac (2014) studied about compensation packages: a strategic tool for employees' performance and retention. The result of this study showed that there is a strong correlation between compensation packages i.e. salary, bonus, incentives, allowance and fringe benefits or help benefits and employees' task performance and retention.

Ann Dzurainin (2012) studied for the impact of cash and non-cash rewards towards employees' performance and satisfaction. It was found out that the reward that has an impact on work motivation is non-cash rewards which are employees' work motivation. It also has a direct effect on organization's achievement. Therefore, organization shall consider increasing non-cash rewards or related policies for employees' work efficiency.

Muhammad Ramzan (2014) researched on the impact of compensation on employee performance in a commercial bank. He found out that financial compensation (salary, rewards and severance payment) has an effect on employees' performance in statistic insignificant at 0.05.

Neelam Bari, Uzma Arif, Almas Shoaib (2013) conducted the research on the impact of non-financial rewards on employee attitude and performance in the workplace. The result showed that giving support to employees, freedom, career development plan, and valuation of employees are positive factors towards attitude and performance of employees in the workplace and also increase employees' work efficiency.

Oburu Lewis Nyaribo etc. (2016) studied about the effect of non-financial compensation on employee performance of three micro-finance institutions. It was found out on this research that non-financial compensation has an effect on effectiveness of employee performance which is vary depends upon policy and motivation process for employees.

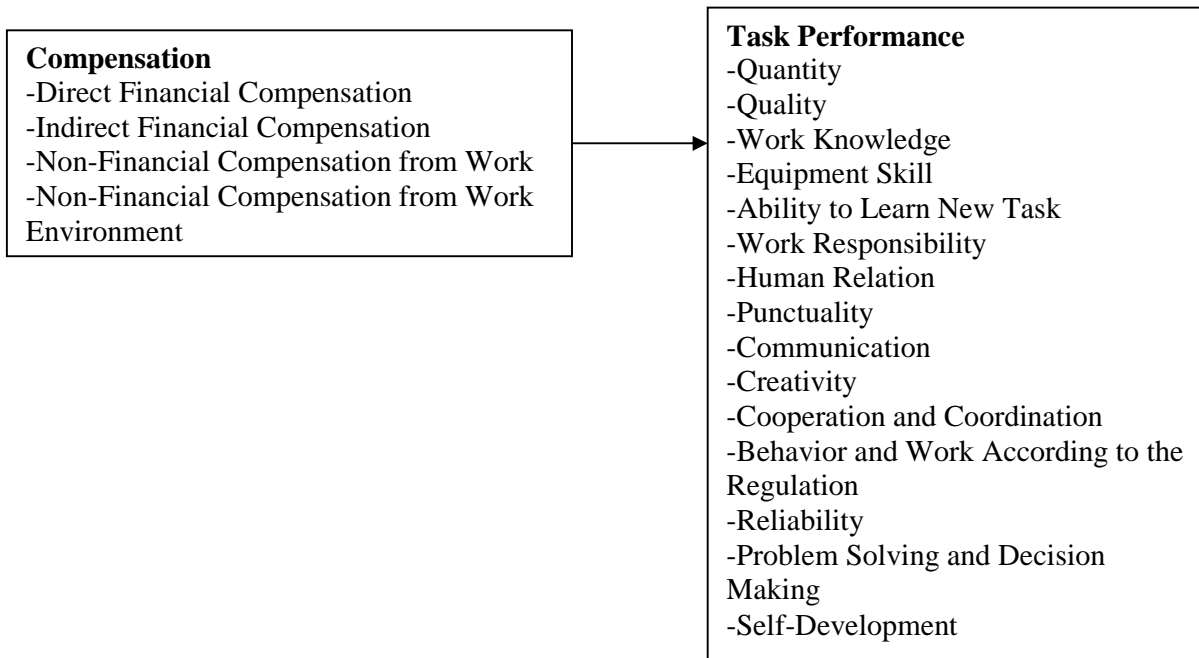


Figure 1 Conceptual Framework

Hypotheses

Compensation has an effect towards task performance of employees in Electrical, Electronics and Telecommunications Industry Group in Thailand.

3. Research Methodology

The methodology of this research is the survey research. The population is the employees from both operating and officer levels from companies in industry group according to giving information about the salary in year 2013/2014 with unknown numbers of actual population.

Sample, using sample size calculation in case of unknown numbers of actual population from:

$$\text{Formula, } n = P (1-P) (Z) ^ 2 / e ^ 2$$

when n = Sample size

P = Required percentage of random sampling from all population

e = Percentage of deviation from random sampling

Z = Confidence level

The researcher needs 50% of random sampling from all population with confidence level of 95% (Z at confidence level of 95% is equal to 1.96) and accepts deviation from random sampling at 5% of sample size which calculates as follow:

$$n = (.50) (1-.50)(1.96)^2 / (.05) ^ 2$$

= 384.16 from the calculation it shows that the approximate sample size is 384 staff (Sinjaru, 2007).

The sampling plan use Accidental or Convenience Sampling and Data collection is conducted from employees in electricity, electronics and telecommunications industry group in Thailand according to giving information.

The author created questionnaire's tools from development and analysis of questions from related literature reviews which having content validity by 3 experts' opinions to examine content validity. The result of content validity is at 0.91. The tested content validity of questionnaire was tried out with 30 employees. Then, using the result to calculate for reliability with Cronbach's Alpha Coefficient by using the criterion of questions having Cronbach's Alpha Coefficient from 0.70 and above which will be convinced that the question has reliability. The results of reliability value are at 0.951 of compensation and .965 of task performance. The statistics using for data analysis are Frequency and Percentage to analyze general information of respondents. Mean (\bar{x}) and Standard Deviation (S.D.) are used for compensation and task performance analyses. Multiple Regression Analysis are used for the impact of compensation on task performance of employees in electrical, electronic and telecommunication industries group in Thailand.

4. Results and Discussion

The author had received questionnaire back with complete data for analysis from 272 respondents which calculated as 70.8% of sample size. Most of sample is female with the amount of 165 respondents or 60.7%. 106 respondents or 39.0% are people in the age between 36 and 50 years old. 138 respondents or 50.7% are single. 173 respondents or 73.6% are undergraduate people. 121

respondents or 44.5% are people who work for 1 to 6 years. 212 respondents or 78.0% are people who have an income between THB 9,000 and less than THB 20,000.

Table 1 Mean, S.D. and Interpretation of Compensation and Task Performance of Employees in Electronic Industry and Telecommunication Groups in Thailand

	Compensation	\bar{x}	S.D.	Interpretation
	Direct Financial Compensation			
1.	Salary and special compensation which you receive from organization are proper for your position and responsibility	2.93	.812	Medium
2.	Salary and special compensation which you receive from organization are proper for your education and experiences	2.94	.801	Medium
3.	You receive salary and special compensation which are proper comparing to the same qualification of department	2.80	.831	Medium
4.	You are satisfy with received salary and special compensation recently	2.96	.767	Medium
5.	Annual reward/position allowance which you receive is proper for your assigned work from organization	2.92	.778	Medium
6.	You receive an increase annual reward/position allowance when performance be in line with specified rules of organization	2.90	.771	Medium
	Indirect Financial Compensation			
7.	Fringe benefits related to medical fee are proper for your medical payment	3.12	.825	Medium
8.	Fringe benefits related to medical fee which can make you have motivation on work	3.10	.791	Medium
9.	Fringe benefits related to educational support for your children are enough for your children	2.87	.802	Medium
10.	Fringe benefits related to your children's education are enough for your children	2.72	.809	Medium
	Non-Financial Compensation (Work)			
11.	There is a task(s) assigned from organization which motivates you to truly use your ability and knowledge for work	3.32	.718	Medium
12.	You feel that your job is interesting and not a routine job	3.23	.729	Medium
13.	Your assigned task(s) is suit for your knowledge, ability and makes your feel motivated	3.36	.678	Medium
14.	A type of your work needs to use knowledge, high skill and it is interesting job	3.47	.676	Medium
15.	Your assigned task(s) makes you have creation and fully use your ability	3.50	.734	High
16.	You have freedom to solve the problems of your work	3.42	.774	Medium
17.	You can achieve the goal of work as you are assigned by a director	3.76	.712	High
18.	You try to find new way of work to achieve a goal of work	3.61	.667	High
19.	You can have high performance to get promote by being in your position	3.09	.861	Medium
20.	You have an opportunity to improve your ability and knowledge by using your position	3.29	.802	Medium

21.	You have an opportunity to get promote by doing your job	2.82	.908	Medium
22.	The admiration receiving from service receiver and colleagues are the thing that you want to receive from doing your job	3.14	.823	Medium
23.	Your director trusts on you to assign other special tasks of organization for you	3.19	.738	Medium
24.	Your performance is accepted by colleagues	3.31	.697	Medium
25.	You work with your total ability and expect the highest satisfaction from service receiver	3.68	.731	High
26.	You feel that your work is the key success of organization.	3.64	.735	High
27.	Non-Financial Compensation (Work Environment) You feel satisfy with compensation such as annual increase salary.	2.89	.879	Medium
28.	You think organization has proper policy for the budget of compensation payment.	2.86	.830	Medium
29.	Your director cares and takes responsibility of your work.	3.34	.839	Medium
30.	You can consult, explain, or ask for any suggestion of work from your director	3.47	.841	Medium
31.	Your director gives you an opportunity to give an opinion or freedom to make any decision related to work that you have responsibility for	3.40	.826	Medium
32.	Other workers in your organization are willing to co-operate for work	3.39	.725	Medium
33.	Colleagues give a respect and listen to each other for work development efficiency	3.38	.677	Medium
34.	Your suggestion related to work always has been used	3.07	.750	Medium
35.	You are often give opinions related to work and organizational activities	3.03	.843	Medium
36.	You think organization is clean and tidy workplace	3.50	.884	High
37.	General organizational environment creates your work motivation	3.41	.787	Medium
38.	You think the building and workplace are suit to the characteristic of organization	3.45	.781	Medium

	Compensation	\bar{x}	S.D.	Interpretation
1.	Financial Compensation	2.92	.616	Medium
	1.1 Direct Financial Compensation	2.91	.671	Medium
	1.2 Indirect Financial Compensation	2.95	.668	Medium
2.	Non-Financial Compensation	3.32	.472	Medium
	2.1 Non-Financial Compensation (Work)	3.37	.469	Medium
	2.2 Non-Financial Compensation (Work Environment)	3.27	.553	Medium
	Compensation	3.22	.457	Medium

Task Performance	\bar{x}	S.D.	Interpretation
1. Employees can work efficiency and effectiveness.	3.43	.751	High
2. Employees can work on customer's requirements or specifications and the results are positive rather than negative image of the company.	3.54	.733	High
3. Employees have the knowledge and understanding of their related duties and tasks as well as understand how and steps to perform very well.	3.55	.752	High
4. Employees have the knowledge and the expertise in the use of materials and equipment related to task performance, as well as the safety precautions in the use regularly.	3.61	.765	High
5. Employees have the ability to learn new tasks quickly and to understand correctly.	3.52	.708	High
6. Employees work hard, be responsible for their job, be regard to the importance of the work and be trying to get the job done on their schedule all time.	3.58	.769	High
7. Employees have good relationships with others and work with their colleagues or subordinates as well and have a mind to help others willingly.	3.58	.787	High
8. Employees come to work on time and have consistency to work punctuality all the year.	3.59	.819	High
9. Employees can communicate and clarify the story or idea to others simple and to the point.	3.45	.786	High
10. Employees have developed new ideas or new work process to comply with changes by using as a guide in the operation.	3.41	.787	High
11. Employees have to cooperate and coordinate with others involved to achieve the operation goals.	3.54	.772	High
12. Employees have their behaviors appropriately and work according to the rules or regulations of the company.	3.54	.791	High
13. Employees can work carefully, their performances are reliable and supervisors don't need to be closely controlled.	3.57	.780	High
14. Employees have the ability to analyze and solve problems and make decisions in their work correctly and timely.	3.47	.723	Medium
15. Employees have development or seek knowledge for themselves regularly to be aware of their work or related work.	3.49	.749	High

Task Performance	\bar{x}	S.D.	Interpretation
1. Quantity	3.43	.751	High
2. Quality	3.54	.733	High
3. Work Knowledge	3.55	.752	High
4. Equipment Skill	3.61	.765	High
5. Ability to learn new task	3.52	.708	High
6. Work Responsibility	3.58	.769	High
7. Human Relation	3.58	.787	High
8. Punctuality	3.59	.819	High
9. Communication	3.45	.786	High
10. Creativity	3.41	.787	High
11. Cooperation and Coordination	3.54	.772	High
12. Behavior and work according to the regulation	3.54	.791	High
13. Reliability	3.57	.780	High
14. Problem solving and decision making	3.47	.723	Medium
15. Self-development	3.49	.749	High
Task Performance	3.53	.633	High

Table 1 represents Mean (\bar{x}) and Standard Deviation (S.D.) of compensation and task performance. The author found out that the opinion of respondents towards compensation has a mean in the medium level at $\bar{x} = 3.22$ and S.D. = .457. When analyzing each aspect, it was found out that the mean is in the medium level in very aspects i.e. financial compensation has $\bar{x} = 2.92$, S.D. = .616; direct financial compensation has $\bar{x} = 2.91$, S.D. = .671; indirect financial compensation has $\bar{x} = 2.95$, S.D. = .668; non-financial compensation has $\bar{x} = 3.32$, S.D. = .472; non-financial compensation (work) has $\bar{x} = 3.37$, S.D. = .472; and non-financial compensation (work environment) has $\bar{x} = 3.27$, S.D. = .472.

It was also found out that the respondents have an opinion towards task performance in the high level of mean which is $\bar{x} = 3.53$ and S.D. = .633. When analyzing each aspect, it was found out that there are most aspects having high level of the mean, for example, Equipment Skill has the maximum mean at $\bar{x} = 3.61$, S.D. = .765; the second level is Punctuality at $\bar{x} = 3.59$, S.D. = .819; Human Relation is $\bar{x} = 3.58$, S.D. = .787; Task Responsibility is $\bar{x} = 3.58$, S.D. = .769; Creditability and Trust is $\bar{x} = 3.57$, S.D. = .780; Work Knowledge is $\bar{x} = 3.55$, S.D. = .752; Quality is $\bar{x} = 3.54$, S.D. = .733; Co-operation and Co-ordination is $\bar{x} = 3.54$, S.D. = .722; Behavior and work according to the regulation is $\bar{x} = 3.54$, S.D. = .791 and Ability to learn new task is $\bar{x} = 3.52$, S.D. = .708. Other aspects are in the medium level of mean i.e. Self Development is $\bar{x} = 3.49$, S.D. = .749; Problem Solving and Decision Making is $\bar{x} = 3.47$, S.D. = .723; Communication is $\bar{x} = 3.45$, S.D. = .786; Quantity is $\bar{x} = 3.62$, S.D. = .343 and Creativity is $\bar{x} = 3.41$ and S.D. = .787 accordingly.

Table 2 Results of Multiple Regression Analysis between Compensation and Task Performance

Variables	Beta()	P
Constant	.768	<i>*P=.000</i>
1. Direct Financial Compensation	-.096	<i>P= .145</i>
2. Indirect Financial Compensation	.058	<i>P= .383</i>
3. Non-Financial Compensation (Work)	.257	<i>*P= .000</i>
4. Non-Financial Compensation (Work Environment)	.452	<i>*P= .000</i>
R ²	.426	
Adjusted R ²	.417	
F-value	49.485*	

*** *significant at the level 0.001* ** *significant at the level 0.01*
* *significant at the level 0.05*

Table 2 represents Multiple Regression Analysis of the impact of compensation on task performance which has Adjusted R² 41.7% of task performance. Sub-Variables of the impact of compensation on task performance are non-financial compensation (work): **Beta** () = .257, *p* < .05; and non-financial compensation (environment): **Beta**() = .452, *p* < .05. It can be written in Prediction Equation as follows:

$$\hat{Y} = 0.768 + 0.257 (\text{non-financial compensation from work}) + 0.452 (\text{non-financial compensation form work environment}).$$

Therefore, this research result only supports hypotheses of non-financial compensation from work and non-financial compensation from work environment which have statistic significant impacts on task performance at 0.05; whereas, non-financial compensation from work has an increase in 1 unit and has an effect towards task performance of employees to increase in 0.257 unit. In contrast, non-financial compensation from work environment has an increase in 1 unit and has an effect towards task performance of employees to increase in 0.694 units. Therefore, non-financial compensation from work has less impact on OCB than non-financial compensation from work environment with statistic significant at 0.05. It is in comply with the finding of Ann Dzuranin (2012) studied for the impact of cash and non-cash rewards towards employees' task performance. It was found out that the reward that has an impact on task performance is non-cash rewards which are employees' work motivation. It also has a direct effect on organization's achievement. Besides, it is also conform to the finding of Neelam Bari, Uzma Arif, Almas Shoaib (2013) conducted the research on the impact of non-financial rewards on task performance in the workplace. The result showed that giving support to employees, freedom, career development plan, and valuation of employees are positive factors towards task performance of employees in the workplace. Moreover, it is also in parallel with the research result of Oburu Lewis Nyaribo etc. (2016) studied about the effect of non-financial compensation on employee performance of three micro-finance institutions. It was found out on this research that non-financial compensation has an effect on effectiveness of employee performance and Muhammad Ramzan (2014) researched on the impact of compensation on employee performance in a commercial bank. He found out that financial compensation (salary, rewards and severance payment) has an effect on employees' performance in statistic insignificant at 0.05. It shall be because of non-financial compensation from environment in the workplace i.e. a good policy on compensation, a good mastership, good colleagues, sportsmanship, environment and nice workplace which is proper for working; as well as non-financial compensation from work i.e. interesting job, challenging task, responsibility, opportunity to get promote, admiration, recognition

and pride of work. Those mentioned factors shall create work enthusiasm, positive attitude and also task performance towards organization which bring to many aspects of behavior to support work and colleagues in organization as well as to reduce internal conflicts in organization. It can be organizational culture which brings to an achievement according to set policy of organization.

5. Conclusion and Implications

1) Management should concern on both financial and non-financial compensation to create motivation on task performance since most employees give an average opinion on compensation especially on fringe benefits related to medical fee as well as family and child have lowest mean according to the study which might create less motivation on work after working for a long time.

2) Management should concern on financial compensation especially indirect way and non-financial compensation especially work environment to create work motivation Besides, these factors are able to increase task performance and have an impact on work efficiency i.e. to support children's payment, authority, medical fee, nursery and food allowance including work environment and atmosphere etc.

3) Management should most concern on non-financial compensation from work environment since it does not increase any costs or any payments by organization and the most important thing is to have an impact on task performance. For example, it should have a good compensation's policy, allowance in relevant to performance (high performance, get high compensation), fairness according to good governance, excellent command from management, good supervisor and colleagues, responsibility, opportunity for participation, good environment and workplace etc.

4) Management should most concern on non-financial compensation from work since it does not increase any costs or any payments by organization and the most important thing is to have an impact on task performance i.e. interesting job, challenging job, responsibility, opportunity to get promote, admiration, recognition as well as receiving important tasks which require knowledge, ability and experiences to make ones pride of work etc.

5) Management should create work atmosphere, co-relation between employees and organization, ability to give an opinion in the meeting, suggestion of problem solving especially the issues related to employees' job, giving an opportunity for employees to participate in activities to create the feeling of the owner of organization. These are able to create the responsibility for employees which brings to work efficiency.

6. Future Research

1) There should have a study on other variables instead of compensation which the management thinks it has an impact on the data and task performance i.e. quality of work life, job characteristic, leadership, work motivation or organizational commitment etc.

2) There should have a study on these variables with employees in other industries who are willing to give information.

References

- Alongkorn Mesutha and Smith Satchachukorn (1999). *Personnel Management*. Bangkok: Kasetsart University Press.
- Ann Dzurainin (2012). The Effect of Tangible and Intangible Noncash Rewards on Performance and Satisfaction in a Production Setting. *Management Accounting Quarterly* Summer 2012, Vol. 13 No. 4
- Mondy, R. W. & Noe, R. M. (2005). *Human Resource Management*, 9th ed. Upper Saddle River, NJ: Pearson.
- Muhammad Ramzan, (2014). Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). *International Journal of Business and Social Science* Vol. 5 No. 2; February 2014.
- Neelam Bari, Uzma Arif, Almas Shoaib (2013). Impact of Non-Financial Rewards on Employee Attitude & Performance in the workplace” A case study of Business Institutes of Karachi. *International Journal of Scientific & Engineering Research*, Volume 4, Issue 7, July-2013.
- Oburu Lewis Nyaribo etc. (2016). The Effect of Non-Financial Compensation on Employee Performance of Micro-Finance Institutions: A Case of Wakenya Pamoja Sacco, Kisii County, Kenya. *Imperial Journal of Interdisciplinary Research (IJIR)* Vol-2, Issue-6, 2016.
- Osibanjo, A. O.; Adeniji, A. A.; Falola, H. O.; and Heirsmac, P. T. (2014). Compensation Packages: A Strategic Tool for Employees’ Performance and Retention in a Private University in Nigeria. *Leonardo Journal of Sciences*, 13 (25): 65 - 84.
- Silpjaru, T. 2007. *The Research and Data Analysis by SPSS* [7th edition]. Bangkok: V. Inter Print.