



Improving Organizational Performance Through Compensation Policies, Utilization of Information Technology and Career Development

Sri Wulandari^{1*}

¹Master of Management Student, Faculty of Economics and Business, Universitas Bhayangkara Jakarta Raya, email: wulanbk@gmail.com

*Corresponding Author: Sri Wulandari

Abstract: The influence of compensation policies, use of information technology and employee development on organizational performance is a scientific article from literature studies within the scope of the field of science. The aim of this article is to build a hypothesis of influence between variables that will be used in further research. Research objects in online libraries, Google Scholar, Mendeley and other academic online media. The research library method comes from e-books and open access e-journals. The results of this article: 1) compensation policy influences organizational performance; 2) the use of information technology influences organizational performance; and 3) employee development influences organizational performance. Other factors that influence organizational performance include work climate, decision making and organizational culture.

Keyword: Organizational Performance, Compensation Policies, Utilization of Information Technology, Career Development

INTRODUCTION

Every student, whether Strata 1, Strata 2 and Strata 3, must carry out research in the form of a thesis, thesis and dissertation. Likewise for lecturers, researchers and other functional staff actively conducting research and creating scientific articles for publication in scientific journals.

Scientific work is one of the requirements for students to complete studies at most universities in Indonesia. This provision applies to all levels of education, namely undergraduate thesis (S1), undergraduate thesis (S2) and undergraduate dissertation (S3).

Based on empirical experience, many students and authors have difficulty finding supporting articles for their scientific work as previous research or as relevant research. Relevant articles are needed to strengthen the theory being researched, to see the relationship or influence between variables and build hypotheses. This article discusses the influence of

compensation policies, use of information technology, and employee development on organizational performance, a literature review study in the field of science. Based on the background, problems can be formulated that will be discussed in order to build hypotheses for further research, namely:

1. Does compensation policy affect organizational performance?
2. Does the use of information technology affect organizational performance?
3. Does employee development influence organizational performance?

METHODS

The method for writing this Literature Review article is the descriptive qualitative method and library research, sourced from the online application Google Scholar, Mendeley and other online academic applications.

In qualitative research, literature reviews must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions asked by the researcher. One of the main reasons for conducting qualitative research is that the research is exploratory in nature, (Ali, H., & Limakrisna, 2013).

RESULT AND DISCUSSION

Results

Organizational Performance

Organizational performance involves evaluating the extent to which an organization achieves its stated goals or mission, taking into account existing economic, political and cultural factors. In this context, the questions that arise are whether the organizational structure and policies support the achievement of the desired performance, whether the organization has effective leadership, adequate capital and infrastructure to achieve the mission (Widodo et al., 2017). In addition, it is also important to evaluate whether the organization's policies, culture and incentive systems support the achievement of the desired performance and whether the organization has good selection and training policies and adequate resources to create and maintain the desired performance (Keban, 2004).

Organizational performance includes the achievements that have been achieved by the organization in a certain time period, including in terms of input, output, outcomes, benefits and related impacts. Evaluation of organizational performance is important for understanding and improving the optimal achievement of organizational goals and objectives, which involves the implementation of good corporate governance (GCG) (Soebandi, 2006).

Dimensions, indicators, syntheses, or factors that play a role in organizational performance include various elements used to measure and evaluate organizational achievements. This includes financial aspects such as revenue and profit, operational aspects such as efficiency and productivity, customer aspects such as customer satisfaction, as well as human resources and innovation aspects (Ridwan et al., 2020). Performance indicators such as productivity, efficiency and profitability are also used to measure the extent to which an organization achieves its stated goals and objectives (Mahsun, 2006).

The performance of this organization has been widely studied by previous researchers, including: (Keban, 2004), (Soebandi, 2006), and (Mahsun, 2006).

Compensation Policies

Compensation and job satisfaction, and comparing the impact of compensation between employees in the public and private sectors. In the study, compensation was identified as the main motivational factor that contributes to employee job satisfaction and performance. One of the reasons why the public sector has difficulty in getting and retaining quality employees is

the perception that the compensation offered in the public sector is less competitive compared to the value provided in the private sector (Muhammad et al, 2016).

Compensation is a basic component for managing and retaining the best employees. Compensation has a major role in influencing employee organizational commitment, which makes employees stay in their jobs. Meanwhile, job satisfaction is also influenced by compensation (Praveena et al, 2017).

Dimensions, indicators, synthesis, or factors that play a role in compensation policies include various elements that influence the development and implementation of compensation policies. This includes aspects of compensation fairness, competitiveness, flexibility, and consistent internal policies. Indicators such as salary and wage levels, benefits, and performance incentives are used to measure and monitor the effectiveness of compensation policies. Synthesis or other factors include career development policies, performance evaluations, and labor market analysis (Marwansyah, 2016).

This compensation policy has been widely studied by previous researchers, including: (Muhammad et al, 2016), (Praveena et al, 2017), and (Marwansyah, 2016).

Utilization of Information Technology

Information technology includes combining computers with high-speed communications lines to transmit data, voice, and video. In this concept, there are two main components in information technology, namely computer technology and communication technology. Computer technology refers to technology related to computer hardware and software. Meanwhile, communication technology refers to technology related to long-distance communication devices, such as telephone, fax and television (Abdul Kadir & Terra CH, 2003).

Technology is not only an academic or scientific field in itself, but also a series of systems, processes or methods that have been designed to increase efficiency or effectiveness in carrying out various activities. The important aspects of technology are that first, technology is a body of knowledge that is constantly evolving and changing, becoming a valuable intangible asset, and can make the difference between success and failure for many organizations (Ali & Mappesona, 2016). Second, technology is a method related to understanding, developing, implementing and using systems aimed at solving problems, with the main aim being to provide usability or benefits. Third, technology is a system that has been developed to meet certain goals, with the core of the technology system being the transformation process (Baker, 2004).

Dimensions, indicators, synthesis, or factors that play a role in the use of information technology include various aspects that influence the implementation and use of information technology. This includes technical dimensions, such as adequate information technology infrastructure, reliability and system security. In addition, indicators such as the level of adoption of information technology, the level of training and skills of users, and the speed and accessibility of technology also play an important role (Riyanto et al., 2017). Synthesis or other factors include organizational factors such as culture and management support, information technology utilization strategies, as well as collaboration between departments or teams in implementing information technology (Sutabri, 2014).

The use of information technology has been widely studied by previous researchers, including: (Abdul Kadir & Terra CH, 2003), (Baker, 2004) and (Sutabri, 2014).

Career Development

According to Lee and Bruvord (as quoted in Kurniawan, 2012), human resource development plays an important role in directing, encouraging and motivating the improvement of employees' abilities and skills in the context of their work. This aims to achieve the effectiveness of human resources in the organization (Kurniawan, 2012).

Training and development have fundamental differences. Training is a learning process that is directly related to the work being carried out by employees, where the aim is to provide support in carrying out the work tasks (Havidz et al., 2020). Meanwhile, development is a learning process that is not directly related to current work, but the focus is to prepare employees for future careers. In carrying out training, it is important to ensure that the training carried out has a direct impact on improving employee performance (Nurisman, 2019).

There are several indicators that can be measured to evaluate the effectiveness of the development method applied, including: (1) Employee work performance, where an increase in both quality and quantity of work after participating in development indicates the success of the development method applied. However, if work performance remains the same, then development methods need to be improved. (2) Employee discipline, if discipline increases after participating in development, this shows that the development method used is effective. However, if there is no increase in discipline, then the development method is less effective. (3) Employee absenteeism, if absenteeism decreases after participating in development, this indicates the success of the development method is quite good. However, if absenteeism remains the same, then the development method applied is less effective. (4) Level of cooperation, the level of employee cooperation must increase harmoniously, harmoniously and well after following the development. (5) Employee initiative, the level of employee initiative must increase after following the development method carried out (Sutiksno et al., 2017). If there is no improvement or is constant, then the development method is less effective. In this context, it is hoped that employees can work independently and develop their creativity (Yunus, 2018).

This employee development has been widely studied by previous researchers, including: (Kurniawan, 2012), (Nurisman, 2019), and (Yunus, 2018).

Review Relevant Articles

Reviewing relevant articles as a basis for establishing research hypotheses by explaining the results of previous research, explaining similarities and differences with the research plan, from relevant previous research as in table 1 below.

Table 1. Relevant Research

No	Author (Year)	Previous Research Results	Similarity with this article	Difference with this article	H
1	Arifin et al (2019)	Compensation policies and the use of information technology have a positive and significant effect on organizational performance	Compensation policy influences organizational performance	Employee development influences organizational performance	H1
2	Suhartini (2005)	Compensation policies and the use of information technology have a positive and significant effect on organizational performance	Compensation policy influences organizational performance	Employee development influence on organizational performance	H1
3	Husaini (2017)	The use of information technology and compensation policies have a positive and significant effect on organizational performance	The use of information technology influences organizational performance	Employee development influences organizational performance	H2
4	Anshori (2018)	The use of information technology and employee development has a positive and significant effect on organizational performance	The use of information technology influences organizational performance	Compensation policies influence organizational performance	H2

5	Bariqi (2018)	Employee development and compensation policies have a positive and significant effect on organizational performance	Employee development influences organizational performance	The use of information technology influences organizational performance	H3
6	Tufa (2018)	employee development and information technology have a positive and significant effect on organizational performance	Employee development influences organizational performance	Compensation policies influence organizational performance	H3

Source: Google Scholar, Previous Relevant Research

Discussion

Based on theoretical studies, the discussion of this literature review article is to review relevant articles, analyze the influence between variables and create conceptual thinking for a research plan:

1. The Effect of Compensation Policy on Organizational Performance

Compensation policy is a gift given by the company as a reward for the performance carried out by employees (Arifin et al., 2019). The principles or concepts in compensation policies include fairness, competitiveness, performance and achievement, flexibility, differentiation and sustainability. The fairness principle emphasizes fair treatment of employees, while the competitiveness principle considers competitive compensation levels (Iryani et al., 2021). The principles of performance and achievement link rewards to individual or group achievements, while the principles of flexibility allow for adapting policies to changing organizational needs (Richardo et al., 2020). The differentiation principle treats employees based on differences in contribution, while the continuity principle ensures the continuity of compensation policies in the long term (Suhartini, 2005).

Compensation policies have a significant impact on organizational performance. If the compensation policy is well received by employees, this will contribute to a positive perception of the organization's overall performance. Conversely, if the compensation policy does not meet expectations or is perceived negatively by employees, this can have a negative impact on organizational performance (Kenelak et al., 2016). To improve organizational performance by paying attention to compensation policies, what management must do is apply a fair and transparent approach in determining the amount of compensation, provide incentives that are appropriate to the achievements of individuals and work groups, and carry out regular evaluations of compensation policies to adapt to environmental changes. internal and external (Mujanah, 2019).

Compensation policy influences organizational performance, this is in line with research conducted by: (Arifin et al., 2019), (Suhartini, 2005), (Kenelak et al., 2016) and (Mujanah, 2019).

2. The Effect of Using Information Technology on Organizational Performance

Utilization of information technology is the use of information technology-based systems, devices and applications to process, manage, store and transmit information efficiently and effectively to support operational activities, decision making, communication and collaboration within an organization (Husaini, 2017). Effective use of information technology follows the principles of strategic suitability, business value, information security, risk management, user involvement, flexibility, scalability, sustainability, and openness and interoperability (Anshori, 2018).

The use of information technology influences organizational performance. If the use of information technology is perceived well then the organization's performance will also be

perceived as good, and vice versa. This can be explained that a positive perception of the use of information technology will encourage effective use, increase operational efficiency, innovation and the organization's ability to adapt to change (Mukhtar et al., 2016). Factors that influence the use of information technology include strategic suitability with organizational goals, strong management support, user involvement, quality of technology systems and infrastructure, and the organization's ability to manage change and overcome technical challenges (Salamah, 2012).

The use of information technology plays a role in organizational performance, this is in line with research conducted by: (Husaini, 2017), (Anshori, 2018), and (Salamah, 2012).

3. The Influence of Employee Development on Organizational Performance

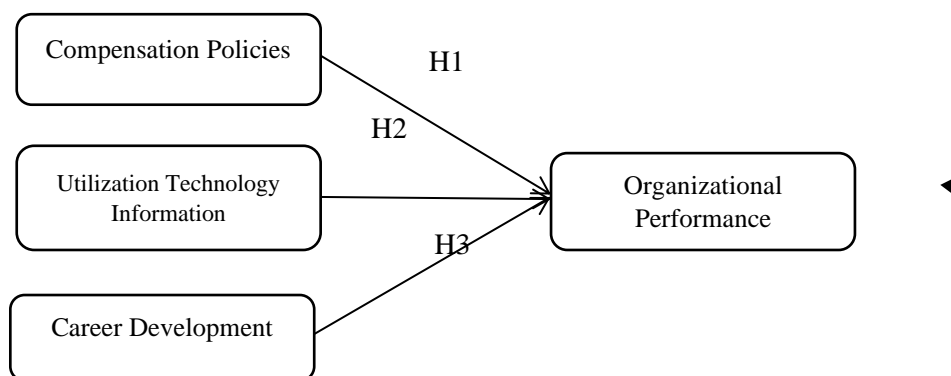
Employee development is a process that aims to increase individual competence, knowledge, skills and potential through various structured learning activities and experiences, in order to achieve increased performance, strong leadership and sustainable growth in the organizational context (Bariqi, 2018). Employee development involves a comprehensive needs assessment, clear career planning, continuous learning through training and work experience, collaboration and mentoring for knowledge exchange, flexibility in development programs, evaluation and feedback on development, as well as recognition and rewards that encourage motivation, with a goal creating employees who are skilled, competent, enthusiastic, and make a meaningful contribution to achieving individual and organizational success (Tufa, 2018).

Employee development influences organizational performance, if employee development is perceived well then organizational performance will be perceived well too, and vice versa. This can be explained that effective employee development can increase employee competence, motivation and engagement, which in turn has a positive impact on productivity, innovation, customer satisfaction, as well as organizational reputation and growth (Kholisoh & Ali, 2020). Factors that influence employee development include strong management support, a learning culture supported by the organization, access to development resources, diverse learning opportunities, and constructive evaluation and feedback (Octaviani, 2019),

Employee development plays a role in organizational performance, this is in line with research conducted by: (Bariqi, 2018), (Tufa, 2018), and (Octaviani, 2019).

Research Conceptual Framework

Based on the problem formulation, discussion and relevant research, the conceptual framework for this article is obtained as in Figure 1 below.



Picture 1. Conceptual Framework

Based on the conceptual framework above: compensation policies, use of information technology, and employee development influence organizational performance. Apart from the

three exogenous variables that influence organizational performance, there are many other variables, including:

- 1) Work climate: (Ali et al., 2022), (Novansa & Ali, 1926), and (Ali et al., 2016),
- 2) Decision-making: (Ali, Evi, et al., 2018), (Sitio & Ali, 2019), and (Ali et al., 2022),
- 3) Employee development: (M & Ali, 2017), (Ali & Mappesona, 2016), and (Ali, Narulita, et al., 2018).

CONCLUSION

Based on the discussion, the conclusion of this article is to formulate a hypothesis for further research, namely:

1. Compensation policies influence organizational performance.
2. The use of information technology influences organizational performance.
3. Employee development influences organizational performance.

REFERENCES

- Abdul Kadir & Terra CH. (2003). Introduction to Information Technology. Yogyakarta: Andi Offset
- Ali, H., & Limakrisna, N. (2013). Research Methodology (Practical Instructions for Solving Business Problems, Preparing Doctoral Dissertations, Theses and Dissertations. In *In Deppublish: Yogyakarta*.
- Ali, H., Evi, N., & Nurmahdi, A. (2018). The Influence of Service Quality , Brand Image and Promotion on Purchase Decision at MCU Eka Hospital. *Business and Management Studies*. <https://doi.org/10.21276/sjbms.2018.3.1.12>
- Ali, H., Narulita, E., & Nurmahdi, A. (2018). Saudi Journal of Business and Management Studies (SJBMS) The Influence of Service Quality , Brand Image and Promotion on Purchase Decision at MCU Eka Hospital. *Business and Management Studies*. <https://doi.org/10.21276/sjbms.2018.3.1.12>
- Ali, H., Limakrisna, N., & Jamaluddin, S. (2016). Model of customer satisfaction: The empirical study at Bri in Jambi. *International Journal of Applied Business and Economic Research*.
- Ali, H., Limakrisna, N., & Jamaluddin, S. (2016). Model of customer satisfaction: The empirical study at Bri in Jambi. *International Journal of Applied Business and Economic Research*.
- Ali, H., & Mappesona, H. (2016). Build brand image: Analysis Service Quality and Product Quality (case study at Giant Citra Raya). *International Journal of Economic Research*.
- Ali, H., Narulita, E., & Nurmahdi, A. (2018). Saudi Journal of Business and Management Studies (SJBMS) The Influence of Service Quality , Brand Image and Promotion on Purchase Decision at MCU Eka Hospital. *Business and Management Studies*. <https://doi.org/10.21276/sjbms.2018.3.1.12>
- Ali, H., Zainal, V. R., & Ilhamalimy, R. R. (2022). Determination of Purchase Decisions and Customer Satisfaction: Analysis of Brand Image and Service Quality (Review Literature of Marketing Management). *Dinasti International Journal of Digital Business Management*, 3(1), 141–153. <https://doi.org/10.31933/dijdbm.v3i1.1100>
- Anggita, R., & Ali, H. (2017). The Influence of Product Quality, Service Quality and Price to Purchase Decision of SGM Bunda Milk (Study on PT. Sarihusada Generasi Mahardika Region Jakarta, South Tangerang District). *Scholars Bulletin*. <https://doi.org/10.21276/sb>
- Anshori, S. (2018). Utilization of information and communication technology as a learning medium. *Civic-Culture: Journal of Civics and Socio-Cultural Education*, 2(1).
- Arifin, S., A. R. Putra, & C. F. B. Hartanto. (2019). The Influence of Competency, Compensation and Leadership on Employee Performance, Economics, Finance,

- Investment and Sharia, 1(1), 23-32.
- Baker, D. (2004). *The Strategic Management of Technology: A Guide for Library And Information Services*. Oxford: Chandos Publishing.
- Bariqi, M. D. (2018). Training and development of human resources. *Journal of management and business studies*, 5(2), 64-69.
- Hasyim, U., & Ali, H. (2022). Reuse Intention Models Through Customer Satisfaction During The Covid-19 Pandemic : Cashback Promotion And E-Service Quality Case Study : Ovo Electronic Money In. *Dinasti International Journal of Digital Business Management*, 3(3), 440–452.
- Havidz, H. B. H., Hudaya, A., & Ali, H. (2020). MODEL OF CONSUMER TRUST ON TRAVEL AGENT ONLINE: ANALYSIS OF PERCEIVED USEFULNESS AND SECURITY ON RE- PURCHASE INTERESTS (CASE STUDY TIKET.COM). *Dinasti International Journal of Economic, Finance, and Accounting*, 1(1), 110–124. <https://doi.org/10.38035/DIJEFA>
- Husaini, M. (2017). Utilization of information technology in the field of education (e-education). *MIKROTIK: Journal of Information Management*, 2(1).
- Iryani, E., Ali, H., & Rosyadi, K. I. (2021). SYSTEMIC THINKING IN SOCIAL SUPPORT: TA'AWUN EFFORTS TO IMPROVE THE QUALITY OF ISLAMIC RELIGIOUS EDUCATION AT MAS AL-IHSANIYAH BIRD'S NESTS MUARO JAMBI. *JOURNAL OF EDUCATIONAL MANAGEMENT AND SOCIAL SCIENCES*, 2(1), 413–425.
- Keban, Y. T. (2004). The main ideas for improving the civil servant HR management system in Indonesia. *Journal of Public Policy and Administration*, 8(2), 15-33.
- Kenelak, D., Pio, R. J., & Kaparang, S. G. (2016). The effect of compensation on employee performance in the Baliem Arabica multi-business cooperative in Jayawijaya Regency. *Journal of Business Administration (Jab)*, 4(4).
- Kholisoh, N., & Ali, H. (2020). Shaping radical attitudes: Mass media and government policies analysis (case study in high school students of West Jakarta). *Talent Development and Excellence*.
- M, A., & Ali, H. (2017). CUSTOMER SATISFACTION MODEL: ANALYSIS OF PRODUCT QUALITY AND SERVICE QUALITY ON BRAND IMAGE AT GIANT CITRA RAYA JAKARTA. *Jurnal Manajemen*. <https://doi.org/10.24912/jm.v21i3.254>
- Marwansyah, S. (2016). Financial Performance Analysis of Share Prices in State-Owned Banks. *Monetary-Journal of Accounting and Finance*, 3(2).
- Mohammed, M. U., N. Absar, Z. H. Sikder, & Balasunda. (2016). Employee Compensation Practice in Industrial Enterprises of Bangladesh: A private and public comparison. *Petroleum Gas University of Ploiesti Bulletin, Economic Science Series*, LXII(IV), 52–60.
- Mukhtar, Risnita, Saifillah, M. S., & Ali, H. (2016). Effect of knowledge management and work commitment to employees satisfaction services (Study on teacher Madrasah Aliyah Country Jambi Province). *International Journal of Economic Research*.
- Novansa, H., & Ali, H. (1926). Purchase Decision Model: Analysis of Brand Image, Brand Awareness and Price (Case Study SMECO Indonesia SME products). *Saudi Journal of Humanities and Social Sciences*. <https://doi.org/10.21276/sjhss>
- Nurisman, H. (2019). The Influence of Work Environment, Organizational Culture, Employee Development and Job Satisfaction on Generation Y Employee Retention at PT Pamapersada Nusantara. *STEI Journal of Economics*, 27(01), 26 - 37.
- Octaviani, L. (2019). THE EFFECT OF TRAINING AND DEVELOPMENT ON EMPLOYEE PERFORMANCE WITH EMPLOYEE WORK CAPABILITY AS A MEDIATION VARIABLE (Study at PT. Link Net Tbk, Tangerang). FEB Student

- Scientific Journal, 7(2).
- Praveena, R., B. S. Monica, C. R. Ramababu. (2017). A Study on Impact of Employee Compensation on Employee Commitment. *International Journal of Advance Research and Innovative Idea in Education*, 2(5).
- Richardo, Hussin, M., Bin Norman, M. H., & Ali, H. (2020). A student loyalty model: Promotion, products, and registration decision analysis-Case study of griya english fun learning at the tutoring institute in wonosobo central Java. *International Journal of Innovation, Creativity and Change*.
- Ridwan, M., Mulyani, S. R., & Ali, H. (2020). Perceived organizational support in efforts to improve organizational commitments and its impact on employee performance(study at SPMI private university in West Sumatra). *Talent Development and Excellence*.
- Riyanto, S., Adila, L., & Ali, H. (2017). The Effect of Incentives And Job Enthusiasm To Productivity of Go- Jek Driver At PT . Go-Jek Indonesia. *Journal of Research in Business and Management*, 5(1), 35–41.
- Salamah, I. (2012). Utilization of Information Systems and Information Technology Influences on Individual Employee Performance. *Journal of Accounting and Finance*, 14(1), 56-68.
- Sitio, T., & Ali, H. (2019). Patient Satisfaction Model and Patient Loyalty: Analysis of Service Quality and Facility (Case Study at Rawamangun Special Surgery Hospital). *Scholars Bulletin*, 5(10), 551–559. <https://doi.org/10.36348/sb.2019.v05i10.002>
- Sobandi B. 2006. Decentralization and Demands for Regional Institutional Arrangement. Bandung: Bandung.
- Suhartini, S. (2005). Fairness in Providing Compensation. *Journal of Business Strategy*.
- Sutabri, T. (2014). Introduction to information technology.
- Sutiksno, D. U., Sucherly, Rufaidah, P., Ali, H., & Souisa, W. (2017). A literature review of strategic marketing and the resource based view of the firm. In *International Journal of Economic Research*.
- Tufa, N. (2018). The Importance of Human Resource Development. *Iqtishodiyah: Journal of Islamic Economics and Business*, 4(2).
- Widodo, D. S., Silitonga, P. E. S., & Ali, H. (2017). Analysis of Organizational Performance: Predictors of Transformational Leadership Style, Services Leadership Style and Organizational Learning (Studies in Jakarta Government). *International Journal of Economic Research*, 14(2), 167–182.