

Influence of Compensation Policies, Technical Competencies, Transformational Leadership, and Management Support on The Effectiveness of Human Resources

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ABSTRACT

The objectives of this research are as follows: a) To identify the influence of Compensation Policies on Technical Competence, b) To assess the impact of Technical Competence on Transformational Leadership, c) To identify the influence of Transformational Leadership on Management Support, d) To examine the influence of Compensation Policies on Management Support, e) To evaluate the interplay of the Influence of Compensation Policies, Technical Competence, Transformational Leadership, and Management Support on the Effectiveness of Human Resources. The data analysis results indicate that compensation policies have a significant positive influence on the effectiveness of human resources within the organization. This suggests that when organizations have fair and competitive compensation policies, employees tend to be more motivated, perform at a high level, and exhibit commitment to the organization.

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INTRODUCTION

Human Resources (HR) are a very important asset in every organization. The quality, performance and motivation of human resources can have a significant impact on the success and competitiveness of a company or institution. Therefore, managing human resources effectively and efficiently is a top priority for organizational leaders. In this context, several key factors that have received major attention are compensation policies, technical competence, transformational leadership, and management support. The success of a company in carrying out its duties and functions is related to the role of human resources as a determinant of the success or failure of work achievements within the company (Rimbano, D. et al, 2022).

Compensation policy, as an important element in HR management, not only functions as a substitute for employee contributions, but also as a tool to motivate, attract and retain talent in the organization. The right compensation policy can encourage employees to provide their best performance and contribute to achieving organizational goals. Apart from that, technical competence, namely the technical knowledge and skills possessed by employees, also has a crucial role in determining HR effectiveness. Organizations that have technically competent employees are better able to overcome the challenges they face, innovate and produce quality results.

Transformational leadership, as a leadership style that is able to inspire, motivate and lead positive change, can have a significant impact on HR effectiveness. Transformational leaders are able to create a dynamic work culture, provide a clear vision, and encourage employees to achieve higher levels of performance. Finally, management support is another very relevant factor in the context of HR effectiveness. Supportive management provides employees with the help, resources, and direction necessary to succeed in their tasks, thereby helping to improve performance and productivity.

Although the importance of these factors is widely recognized, there remains a lack of understanding of how compensation policies, technical competencies, transformational leadership, and management support together influence HR effectiveness in a unique organizational context. Therefore, this research aims to investigate the influence of these variables simultaneously and identify their relationship and impact on HR effectiveness.

This research is in line with research conducted by E. E. Fitrianty (2004) *The Influence of Employee Satisfaction with Compensation Policies on Employees' Needs for Financial Reports at PT Telkom Divre V Surabaya*, research conducted by M. Munir, Fayola Issalillah (2022). *Development of Employee Job Satisfaction in View of Compensation Policy and Career Development System*, and research by Dasep Suryanto (2022) *The Influence of Compensation Policy and Work Environment on Employee Performance at the State Islamic Institute (IAIN) Bukittinggi*, research also conducted by I. Kendi (2022). *Concept of Compensation Policy for Communities Holding Customary Rights in Reserve Areas, Yapen Islands Regency, Papua Province*.

This research has important relevance in providing organizations with better insight into the factors that need to be considered in efforts to improve the effectiveness of their HR. With a better understanding of the relationship between compensation policies, technical competency, transformational leadership, and management support, organizations can develop more effective strategies for managing and leveraging their human resources to achieve their business goals.

Based on this background, it can be concluded that the objectives of this research include, as follows: a). To identify the Influence of Compensation Policy on Technical Competence, b). To assess the impact of the Influence of Technical Competence on Transformational Leadership, c). To identify the influence of transformational leadership on management support, d). To examine the influence of compensation policies on management support, e). To evaluate the relationship between the Influence of Compensation Policy, Technical Competence, Transformational Leadership, Management Support on the Effectiveness of Human Resources.

Problem formulations that can be taken from these objectives include the following:

1. What is the Effect of Compensation Policy on Technical Competence?
2. What is the Influence of Technical Competency on Transformational Leadership?
3. What is the Effect of Transformational Leadership on Management Support?
4. What is the influence of compensation policies on management support?
5. What is the influence of the Compensation Policy, Technical Competency, Transformational Leadership, Management Support on the Effectiveness of Human Resources?
6. How does the interaction between compensation policies, technical competency, transformational leadership, and management support affect overall HR effectiveness?

METHODOLOGY

The method used in this research is system literature review (SLR), which is a research method used by reviewing and summarizing the results of research that has been carried out (primary research) to present more complete facts (Siswanto, 2012). Based on search data using keywords and criteria in the database or Google Scholar above, the total is 30 journals.

RESULTS

Compensation Policy

Compensation policy is a set of plans, decisions, and guidelines established by an organization or company to regulate the manner and amount of rewards given to employees as compensation for the contributions and work they do. Compensation

policies cover various components, including base salary, allowances, incentives, bonuses, health benefits, retirement benefits, and other forms of compensation.

Compensation policy includes systematic planning of how the organization will reward employees. This involves selecting components of compensation, such as salary, bonuses, or benefits, as well as decisions about how much reward to provide. Compensation policies consider rewards given to employees as a form of compensation for the work they do. These rewards are intended to reward employees' contributions and motivate them to achieve desired results.

Compensation policies cover a variety of components, including base salary, allowances, performance bonuses, incentives, health benefits, and retirement benefits. Organizations can combine these various components in their compensation policies according to their objectives. One of the main objectives of compensation policies is to motivate employees to work well and stay in the organization. By offering fair and competitive rewards, organizations can increase employee loyalty and retention.

Compensation policies must ensure fairness and equality in providing rewards to employees. This means that rewards must be awarded based on objective criteria and according to comparable contributions. Compensation policies must comply with applicable laws and regulations, such as employment law and tax regulations. Organizations must ensure that their policies comply with all applicable legal requirements.

Technical Competence

Technical competency is a special ability or skill possessed by individuals or groups in an organization to carry out certain tasks, work or activities related to technical or specific fields in the context of their work. These competencies include in-depth knowledge, practical skills, an understanding of principles, and the ability to apply that knowledge and skills effectively in relevant work situations.

Technical competency requires a deep understanding of the concepts, theories, and principles related to a particular technical area. This includes knowledge of the rules, standards, and best practices in the field. Apart from knowledge, technical competence also includes practical skills that can be applied in work situations. This includes the ability to use special tools, software, technology, or equipment related to the technical field.

Experience in applying technical knowledge and skills in real work situations is an important part of technical competency. These experiences help individuals develop a deeper understanding and enhance their abilities in the field. Technical competency also includes the ability to identify, analyze, and solve problems that arise in a specific technical area. This ability is often necessary to face complex challenges and situations. Technical fields can evolve quickly, so individuals with good technical competence must have the ability to continuously learn and adapt to new developments in their field.

Technical competency is not only limited to knowledge and skills, but also the ability to apply this knowledge and skills effectively in the work environment. This includes the ability to contribute to projects, achieve goals, and improve results in the work context. Technical competence is often associated with high quality standards in the implementation of tasks and work. Individuals with strong technical competencies tend to produce work that is accurate, reliable, and high quality.

Transformational Leadership

Transformational leadership is a leadership style that involves a leader's ability to inspire, motivate, and change his subordinates or team members in a positive and powerful way. This leadership style not only aims to achieve business goals, but also to change the culture, values and views within the organization. Transformational leadership creates meaningful change and helps team members reach their maximum potential.

Transformational leaders have a clear vision of the desired future for their organization or team. They are able to communicate this vision with enthusiasm to team members and inspire them to participate in achieving the vision. Transformational leaders often set good examples for their team members. They demonstrate dedication, integrity and positive values in their daily behavior.

These leaders encourage team members to think creatively, question the status quo, and seek new solutions. They stimulate the intellect of team members to generate innovative ideas. Transformational leaders provide personal attention to their team members. They listen to individuals' ideas, concerns, and aspirations, and provide necessary support. Transformational leadership often focuses on changing an organization's culture. They work to create an environment where innovation, collaboration, and continuous learning are emphasized.

Transformational leaders encourage team members to achieve high performance and are committed to achieving extraordinary results. They create high expectations and provide the support necessary to achieve them. Team members led by transformational leaders often feel more engaged and committed to their organization or team. They feel they have an important role in achieving common goals.

Management Support

Management support is a concept that refers to the level of support, guidance, and resources provided by management or superiors to employees or team members in an organization. Management support is one of the key aspects in Human Resources (HR) management and has a significant impact on employee well-being, motivation and performance.

Management support includes providing guidance and direction to employees regarding their duties and responsibilities. This includes providing clarification about performance expectations, goals, and steps required to achieve desired results.

Supportive management provides constructive feedback to employees about their performance. This feedback can help employees understand areas that need improvement and provide recognition for good achievements.

Management support includes providing the resources, work tools, and equipment necessary to carry out tasks and projects well. This could be access to necessary training, software, or physical equipment. Supportive management invests in developing employee skills and abilities. This includes training, courses, or opportunities to expand knowledge and skills. Management support includes facilitating effective collaboration between employees and between teams. Management also promotes open and efficient communication throughout the organization.

Supportive management helps employees overcome obstacles or challenges that may arise in their work. This could be assistance in resolving conflicts, managing stress, or dealing with complex situations. One important aspect of management support is providing recognition and appreciation to employees for their contributions. This can take the form of verbal praise, formal appreciation, or other forms of recognition.

Human Resources Effectiveness

Human Resource Effectiveness (HR) refers to the ability of an organization or company to manage, utilize and optimize their workforce or human resources to achieve business and strategic goals. HR effectiveness measures the extent to which human resources in an organization are able to make a significant contribution and have a positive impact on overall organizational performance. HR effectiveness is evaluated based on the extent to which human resources can help the organization achieve its business and strategic goals. This includes achieving financial targets, market growth, product development, or achieving other relevant goals.

HR effectiveness is also related to individual and team performance in the organization. This includes productivity, work quality, attendance levels, and achievement of individual and team performance goals. Organizations that are effective in HR management invest time and resources in employee development and growth. This includes training, skills development, and career opportunities that allow employees to develop.

HR effectiveness also includes aspects of employee satisfaction and welfare. Employees who are satisfied and feel they are treated fairly are more likely to contribute positively to the organization. High employee retention rates are an indicator of HR effectiveness. Organizations that are effective in HR management can retain talented and experienced employees. HR effectiveness also includes creating a positive, inclusive and supportive organizational culture. This culture influences employee motivation, commitment and productivity. HR effectiveness also involves managing human resources efficiently, including labor allocation, scheduling, and managing labor-related costs. Organizations that are effective in HR management can make wise decisions in terms of salaries, promotions and performance appraisals.

Tabel 1. Previous Research

No	Author (tahun)	Journal Title Previous	Previous Research Results
1	E. E. Fitrianty (2004)	The Effect of Satisfaction Top Employees Policy Compensation Against Employee needs Will Report Finance at PT Telkom Division V Surabaya	The results of this research are employee satisfaction with compensation policies together, while the remaining 67.8% is explained by other variables not included in modd (error factors). Partially, employee satisfaction with compensation policies has a significant influence on the level of employee need for financial reports at PT Telkom Divre V Surabaya, after testing it has been proven to be true
2	M. Munir, Fayola Issalillah (2022)	Development Job satisfaction Employee Yang In terms of Policy Compensation and Development System Career	The research results show that employee job satisfaction is partially and simultaneously influenced by compensation and career development.
3	Dasep Suryanto (2022)	Policy Influence Compensation and Work environment On Performance Employees at the Institute State Islamic Religion (IAIN) Bukittinggi	The results of this research in terms of the direct and indirect influence of Compensation Policy and Work Environment on Employee Performance at the State Islamic Institute (IAIN) Bukittinggi is 34.7%, consisting of 24.49% of the influence of Policy Compensation and 10.24% influence of the work environment on employee performance at the State Islamic Institute (IAIN) Bukittinggi.

Effect of Compensation Policy on Technical Competence

The influence of compensation policies on technical competency is an important aspect of human resource management (HR) that organizations need to understand. It refers to the extent to which the compensation policies implemented by an organization can influence or support the development and improvement of employees' technical competencies.

A fair and favorable compensation policy can be a motivating factor for employees to improve their technical competence. When employees see a positive relationship between technical skill development and financial rewards or other incentives, they are more likely to seek opportunities to learn and improve their competencies. Competitive compensation policies can provide financial support for employees to undertake the

necessary training, courses, or certifications to improve their technical competence. Training and development costs can be a barrier for employees, and compensation policies take that into account

Organizations that have compensation policies that support the development of technical competencies are more likely to retain talented employees. Employees who feel that the organization cares about developing their technical skills are more likely to remain with the organization rather than seek opportunities elsewhere. Competitive compensation policies can also help organizations attract and retain highly competent professionals in a competitive job market. Employees tend to choose organizations that offer compensation commensurate with their technical abilities. Compensation policies related to technical competence can help organizations in measuring and evaluating employee performance. This can create a relationship between the achievement of technical competence and the rewards or bonuses given to employees.

Influence of Technical Competence on Transformational Leadership

The influence of technical competence on transformational leadership is the relationship between the level of technical competence possessed by an individual or team member and a leadership style that aims to inspire positive change in the organization.

A transformational leader who has a good understanding of the technical competencies required in the work of his team members can build trust and credibility. Leaders who value the technical competence of team members tend to be more effective in leading them. Leaders who have technical competence in the same areas as their team members can provide more effective guidance and support in terms of technical skills development. They can understand the challenges faced by their team and provide appropriate solutions.

High technical competence in leaders can be an example for team members in terms of commitment to growth and continuous learning. Technically competent leaders tend to encourage team members to continually improve their skills. Team members tend to have more trust in leaders who have solid technical competence. They see leaders as a source of inspiration and knowledge who can guide them in achieving their goals. A technically competent transformational leader is able to align the transformational vision with the existing technical capabilities of the team. They can plan realistic changes and maximize the utilization of technical competencies.

Influence of Transformational Leadership to Management Support

The Effect of Transformational Leadership on Management Support is the study of how the transformational leadership style in an organization influences the level of support provided by management for initiatives or changes proposed by the transformational leader. Transformational leaders tend to be able to inspire and motivate employees and team members to support organizational change and initiatives.

They communicate a strong vision and are committed to changing the status quo. Effective transformational leaders usually have strong leadership qualities, such as good communication skills, the ability to motivate, and the ability to build positive relationships with employees and fellow management. Management Support: The ability of transformational leaders to gain management support for their proposed initiatives or changes can depend largely on how they communicate and defend those ideas. Management support is key to turning vision into action.

Influence on Management Decisions: Strong transformational leaders can have a significant influence on the decision-making process at the management level. They can persuade or convince management of the importance of a particular change or initiative. Contribution To Organizational Balance: Transformational leaders who are able to work with management to achieve overall organizational goals will help create a good balance between ambitious vision and strategy and operational realities.

Effect of Compensation Policy on Management Support

The Effect of Compensation Policy on Management Support is the study of how the compensation policy implemented by an organization influences the level of support provided by management towards organizational goals and initiatives. A fair and profitable compensation policy can be a motivating factor for management to support and achieve organizational goals. Management tends to be more motivated when they feel valued and recognized for their contributions.

Compensation policies tied to individual or team achievements can help recognize and reward management's contributions to organizational success. This can create a tie between compensation and achievements that motivates management to achieve better results. Compensation policies that encourage innovation and high performance can motivate management to support change and improvement in the organization. Management tends to be more open to initiatives that support increasing their compensation.

Competitive compensation policies in the job market can help organizations retain management talent. Management who feel that the organization provides compensation commensurate with their contributions are more likely to remain with the organization rather than seek opportunities elsewhere. Compensation policies can shape an organizational culture that rewards performance and achievement. This creates an environment where management feels encouraged to perform well and support organizational goals.

Influence of Compensation Policy, Technical Competence, Transformational Leadership, Management Support on Human Resource Effectiveness

The influence of Compensation Policy, Technical Competency, Transformational Leadership, and Management Support on Human Resource Effectiveness is interrelated. The results of data analysis show that compensation policy has a significant positive

influence on the effectiveness of human resources in the organization. This shows that when an organization has a fair and competitive compensation policy, employees tend to be more motivated, high performing, and committed to the organization.

This research indicates that transformational leadership has a significant positive impact on human resource effectiveness. Leaders who are able to inspire, motivate and guide employees tend to create a productive work environment and support employee development. This research also found that management support has a significant positive influence on human resource effectiveness. When management provides necessary support, guidance, and resources to employees, they feel valued and motivated to achieve organizational goals.

The finding that compensation policies have a positive influence on human resource effectiveness emphasizes the important role of compensation in motivating employees and retaining talent in the organization. Strong technical skills have a major impact on human resource effectiveness, underscoring the importance of investing in the development of employee technical competence. Effective transformational leadership can form an innovative and collaborative organizational culture, which contributes to the effectiveness of human resources. Management support is an important factor in creating a work environment that supports employee growth and development, as well as achieving high performance.

This research is in line with research that has been conducted by This research is in line with research that has been conducted by E. E. Fitrianty (2004) *The Influence of Employee Satisfaction with Compensation Policies on Employees' Needs for Financial Reports at PT Telkom Divre V Surabaya*, research conducted by M. Munir, Fayola Issalillah (2022). *Development of Employee Job Satisfaction in View of Compensation Policy and Career Development System*, and research by Dasep Suryanto (2022) *The Influence of Compensation Policy and Work Environment on Employee Performance at the State Islamic Institute (IAIN) Bukittinggi*, research also conducted by I. Kendi (2022). *Concept of Compensation Policy for Communities Holding Customary Rights in Reserve Areas, Yapen Islands Regency, Papua Province*.

CONCLUSION

Based on the research results and discussion, it can be concluded that research shows that fair and competitive compensation policies have a positive influence on the effectiveness of human resources in organizations. Employees who feel appreciated through appropriate compensation are more motivated, high performing, and committed to the organization. Employees' technical competency is an important factor in determining their effectiveness. The research results reveal that a high level of technical competence contributes significantly to employee performance and contribution in achieving organizational goals. Transformational Leadership: Transformational leadership has a positive impact on the effectiveness of human resources. Leaders who are able to inspire, motivate and guide employees tend to create a productive work

environment and support employee development. Management Support: Research results show that management support has a significant influence on the effectiveness of human resources. When management provides necessary support, guidance, and resources to employees, they feel valued and motivated to achieve organizational goals.

Suggestions:

1. **Improve Compensation Policies:** Organizations need to review and improve their compensation policies to make them more fair and in line with the job market. These policies must accommodate employee needs and contributions more effectively.
2. **Invest in Technical Competency Development:** Organizations must continue to develop employees' technical skills through training and development that is relevant to their jobs. This will help increase their effectiveness in carrying out tasks.
3. **Enhancement of Transformational Leadership:** Organizations can identify and develop leaders who have transformational leadership abilities. Leadership training and development can help create an environment that motivates and supports employee growth.
4. **Increased Management Support:** Management needs to be more proactive in providing support to employees, especially in terms of skill development and goal achievement. Strong support from management can increase the productivity and effectiveness of human resources.

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