
IMPLEMENTATION OF COMPENSATION MANAGEMENT AT PT PARKLAND WORLD INDONESIA JEPARA

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Abstract

This research aims to examine the implementation of compensation management that has been carried out by the company in the F1 PT PWI Jepara building. This research's main objective is to explore and assess how the implementation of compensation management is done in the company. The method used in this research is a qualitative descriptive method with interview techniques. Several employees at the F1 PT PWI Jepara building were the main informants taken by the author from different departments. The research results show that the compensation provided is not in line with employee expectations; the workload given to employees is not commensurate with the compensation received; work environment that influences employee work productivity; and there are no studies to measure employee satisfaction with compensation in the F1 PT PWI Jepara building. The implication is that to restore employee enthusiasm, the company must determine strategic steps, reduce workload, provide a sense of security and comfort in the work environment, and conduct an evaluation of employee job satisfaction in the PT PWI Jepara F1 building.

Keywords: Implementation, Compensation, Management

Introduction

Jepara Regency is not only nicknamed "Bumi Kartini" but is also the largest industrial area in Central Java. Jepara has many international-scale industrial factories (Oktavyanti, 2021). Therefore, the majority of people in the Jepara area work as employees in the industrial sector such as at PT PWI Jepara. PT PWI Jepara is an industrial factory based in South Korea that produces Adidas brand shoes located in Jepara, Central Java. PT PWI Jepara employs a total of 20,000 workers (Oktavyanti, 2021). At PT PWI Jepara there are several buildings, one of which is the Building Factory 1.

Factory 1 is the oldest building in PT PWI Jepara. In the building Factory 1 there are twenty cell, one cell consists of grouping parts cutting (cutting the material before sewing), sewing (sewing components together to form a finished product upper), And assembly (the final part of the formation into shoes). As the oldest building, the building Factory1 is nicknamed the building which is strict in discipline, strict in the quality of shoe making and the employees in the building are required to be able to master several things job desk in his work section.

In the PKB Book of PT PWI Jepara in CHAPTER III concerning employment relations in Article 16 point 2 explains that the company must provide a salary increase to workers who show additional achievements from the minimum salary increase with the arrangements set by management. In CHAPTER III Article 17 point 2 it is explained that wage adjustments will be made according to the company's considerations based on the conditions and performance of individual employees. As stated by Hasibuan in (Aldi & Susanti, 2019) work performance is the result of completing tasks by a person according to their abilities, background, commitment, and time availability. In the agreement book, achievement is written double job is not an achievement, except when the employee's work exceeds the target, this is an example of achievement highlights (special work) in certain parts to adjust to the conditions in the workplace. If employees do work double job, then it will disrupt their main job and make employees unenthusiastic in doing their jobs. One thing that companies can do to handle this problem is by providing compensation.

With compensation, it will affect loyalty and work motivation, especially if employees are given work outside job desk main. Rahayu and Juhaeti (2022), stated that compensation includes all forms of rewards given to employees as an appreciation for their contribution to the company. This reward includes various forms such as salary, incentives, allowances, both in the form of direct and indirect money, and other awards. Thus, compensation is considered a form of appreciation that employees receive for their work for the company.

According to Article 1 Paragraph 30 of Law Number 13 of 2003 concerning employment, it states that wages received by workers from companies as a reward for the work they do, including allowances for families, are determined and paid in accordance with the work agreement and applicable laws and regulations.

The principle of wages as stated in Article 28D paragraph 2 of the 1945 Constitution mandates that compensation for work that has been done must be considered in the relationship between workers and employers, including meeting decent living needs and providing fair treatment. This underlines that every employee has the right to appropriate compensation and fair treatment in accordance with the provisions of the law in Article 28D Paragraph 2 of the 1945 Constitution.

Several previous studies have been conducted on the implementation of compensation management, it is stated in the study that compensation, motivation, job satisfaction, and workload affect employee performance in the company (Sutrisno et.al., 2022; Sutoro et.al., 2020; & Febriana et.al., 2022). Providing compensation that is in accordance with expectations can make employees feel satisfied and make employees enthusiastic in doing their jobs and providing a sense of security and comfort in the work environment can make employees feel at home in the company, in line with research by Maulidiyah et.al (2021) and Febrianto (2024) which revealed that compensation, satisfaction in the workplace, and work environment conditions have a positive impact on employee productivity.

In several studies that have been conducted previously, there has been no research study on the implementation of compensation management at PT PWI Jepara. In this study, the author focuses on the implementation of policies regarding compensation management carried out by the company with the conditions that occur in the field. Therefore, the purpose of this study is to examine the implementation of compensation management in the company, with the hope that the results of this study can be used as a basis for decision making at PT PWI Jepara.

Methods

In this study, information retrieval was carried out through a field study aimed at examining the implementation of compensation management at PT PWI Jepara. The main objective of this study is to explore and assess how the company implements compensation management. Therefore, a descriptive qualitative approach was chosen to explore it further. Leavy (2017) stated that this descriptive research is a study by describing the phenomena that are currently occurring. With this qualitative approach, it aims to reveal the current activities. (Leedy & Omrod, 2016). This methodology allows researchers to explore detailed information about the phenomena that occur in the field through direct observation and in-depth interviews.

This research took place at the company PT PWI 3 Jepara which is located in Jepara Regency, Central Java. This research involved several informants including; (1) DW (HRD); (2) LS (operator employee cutting); (3) DM (operator employee sewing); (4) TM (operator employee sewing); (5) NR (operator employee assembly). The reason the author chose the informant was because the first was for HRD, the determinant of compensation policy at PT PWI Jepara, while the other four informants were employees who were the objects of compensation policy representing each section, namely in the section cutting, sewing, and assembling.

Results and Discussion

Data collection was carried out through an interview process with several informants in Building F1. The interview technique is a way to obtain information by communicating directly between researchers and participants (Waruwu, 2023). Before conducting the interview, the author introduced himself to the informant to explain the author's intent and purpose. During the introduction and interview process, the author and informant established closeness and interest in the object being discussed. Here the author will examine the implementation of compensation management at PT PWI Jepara. Korten (1980) in Anwar et.al., (2023) stated that there are three implementation factors that influence the success of a program. First, the match between the offering of a program and the needs of the target group. Second, the program must be adjusted to the structure of existing organizations. Third, the suitability between the requirements imposed by the recipient organization of the program with the capabilities possessed by the target group. To achieve these goals and objectives, the company requires workers to achieve its goals and targets. Human resources are crucial for the company because they play a role in achieving its goals. Without human resources, the company will have difficulty in achieving its goals effectively.

Therefore, the existence of adequate human resources is crucial to increase work efficiency in the company. To establish cooperation between employees and the company, the company will certainly issue various policies, including providing compensation to employees. Compensation management is crucial in employee management. The compensation received is the main motivation for employees to be able to work optimally, because they expect satisfactory rewards to meet their living needs (Farla et al., 2019).

Companies in providing compensation must be effective and comparable to the employee's workload. Fair and competitive compensation is the key to making employees feel satisfied and motivated to stay in the company, provide optimal work quality, and not move to another company. (Sutrisno, 2022). As expressed by DM as follows:

The statement from DM shows that the compensation provided at PT PWI Jepara is not in accordance with what employees expect. Compensation suitability refers to the suitability and satisfaction of employees with the wages given by the company as a reward for the work they have done (Melasari & Sukesi, 2021).

According to Marentek et.al (2022), to achieve fairness in compensation, management must have a policy that includes an adequate level of compensation to meet the needs of a decent living for employees, internal justice according to the conditions in the company, including fair treatment of each employee. Companies need to achieve harmony between socialization and internal implementation of compensation management to reduce the possibility of conflict, one of which is employee turnover because they feel uncomfortable working in the company. This is in line with research (Putra & Mardikaningsih, 2022) and (Prasada et.al., 2020), in which the study explains that compensation has a significant impact on company commitment. When the company meets employee expectations for adequate compensation, it will encourage them to work optimally. This sense of fairness can make employees feel satisfied with the compensation, which will increase their motivation to work (Kurniawan, 2022). As expressed by TM, NR, DM, and LS when asked about increasing compensation impacting performance:

"Yes, when there was this increase in compensation, when I was moved to a new place, and was required to learn job desk new and sometimes I also help friends who are overwhelmed, with this compensation I can improve my performance well and optimally because the effort that has been made is comparable to the compensation received" (TM).

"Yes, for example, when I get additional compensation, of course I will be more enthusiastic in achieving the target, even if there is a shoe that falls off because of the process I do, I can immediately be enthusiastic to fix it immediately, and for the next work process I will be more careful because I feel bound by the provision of compensation so the work I do must be maximized" (NR).

"Yes, if I get compensation, it will be commensurate with the work I often do. I often do work double job desk at one time, also demanded target. When I get compensation, I feel no problem helping with the work double job desk. So that the feeling of fatigue is proportional to the compensation given" (DM).

"Yes, for example, when I get compensation when my boss asks me to help my friend who is overwhelmed with work, there will be no feeling of injustice because I have been given additional compensation every month" (LS).

The statements of TM, NR, DM, and LS show that compensation was indeed provided. This has a significant impact on their performance. With bonuses, prizes, and awards in the form of compensation, employees can be encouraged to achieve higher achievements in their work. By providing compensation to employees, it will certainly have an impact that can provide benefits, including; (1) with compensation, employees will be motivated to compete for achievements and of course can work harder; (2) this compensation can be an attraction for job seekers who have quality; (3) compensation can make the company's image better compared to other companies; (4) compensation can make the company have quality employees. This compensation's suitability has a substantial positive impact on increasing employee productivity because the compensation given is in accordance with the employee's level of responsibility, qualifications, and performance. When employees feel appreciated for their contribution in carrying out their duties, they will be more motivated to carry out their responsibilities well (Citra et al., 2023).

In the F1 building of PT PWI Jepara, the relationship between compensation and job satisfaction and performance was also expressed by DW as follows:

"Regarding the relationship between compensation and employee satisfaction and performance in the F1 building, it has a very positive influence. With the provision of compensation for a year, employees who receive this compensation have better performance, are more consistent, and are more careful and enthusiastic because every month during payday, employees can get additional money in the form of this compensation" (DW).

Based on the DW statement above, it is revealed that compensation can affect employee work levels. The more appropriate the compensation received by employees, the more consistent they will be in their work. This is in line with the results of research by Badrianto et.al (2022) and Santika et.al (2023), which show that compensation has a significant impact on employee performance.

To achieve optimal performance, one aspect that needs to be considered is the condition of the work environment. A safe and comfortable work environment will make employees work more focused, which will later affect their results and performance (Kusuma, 2021). The work environment plays a key role in increasing employee productivity. As a place where workers work, companies should create and support cooperation between upper management, subordinates, and colleagues to achieve common goals (Indahyati & Yantita, 2020). The work environment needs to receive greater attention because it can affect employee performance

both technically and socially in carrying out their duties (Nabawi, 2019). This is in line with what was stated by informants LS, DM, TM, and NR with the question of whether the work environment influences productivity, the informants revealed the following:

"Yes, there was an incident when the machine broke down and the boss asked me to help manual cutting, different cell and my friends are very difficult to work with, where I am required to work quickly while I am doing work that I have never done before, even though we are both cutting but if it is not a habit, it certainly will not be as fast as others. It really affects my productivity, especially in terms of targets" (LS).

"Yes, when I was changing shoe models, I was often moved from one section to another and of course with different friends and leaders too. Luckily, I am an employee who is easy to adapt to and of course my productivity is maintained" (DM).

"Yes, especially when I change shoe models every month, it makes me move often cell one to cell others. With friends and leaders who are sometimes not nice, when the leader and his friends are nice to work with, the productivity in making shoes that I do will also be good and of decent quality. But when the boss and friends are not nice, it will affect my productivity, especially if my work partner in working does not comply with the SOP, I will also get angry when there is a problem because my work system is a partner (one part is done by two people)" (TM).

"Yes, when I have finished my work, I will automatically take a break while waiting for the process to flow because in the assembly work running. Because I work fast, sometimes my supervisor asks me to help my friend tie his shoes tightly, I will automatically help because of my boss's orders and my work position is not in a hurry, when I help, it will automatically make the work flow and make the process on my part pile up, therefore it can make me hemprimary shoes become rushed and the results are not optimal" (NR).

Based on the statements of the four informants (LS, DM, TM, NR), it is emphasized that the work environment affects employee productivity. Therefore, the work environment must be considered carefully because the work environment is the second place for employees after their homes. Employees can work effectively and achieve best results when they are supported by conducive environmental conditions. This is in line with the results of research conducted by Bagis et.al (2020) and Badrianto et.al (2022), showing that the work environment has a major influence on employee performance.

One of the factors that influences employee productivity in a company is workload. Workload refers to the work or tasks that must be completed by a person within a certain period. Workload reflects the work expectations given to an individual. The level of workload is determined by human capabilities and available resources. Tasks too heavy will impact employee health conditions, while a load too light may not optimize the use of individual resources (Putri et.al., 2023). Kosmowidjojo in Ahmad et.al (2019) stated that workload indicators include the type of work, the time required to complete it, and the achievement of work targets. Workload varies depending on the position, role, and job demands that must be met by the employee. Therefore, it is important for employees and companies to understand workload well to manage time and resources efficiently to achieve optimal work results. If the workload is not managed properly, it can negatively impact the health, efficiency, and productivity of the company. As expressed by the following DM informant:

"The application of compensation must be fair so that it can make employees feel at home and enthusiastic about working, especially if employees are asked to do work double job desk at one time as I experienced because of doing the job double job desk at one time plus not getting additional compensation because doing the work is very tiring plus there are target demands" (DM).

From the DM statement, it is confirmed that the informant has been given a workload where the informant must do the work double job desk at a time when the informant had to pursue his hourly target, but the compensation received by the informant was not in accordance with his expectations. Employees who feel that the compensation they receive is not commensurate with the amount of work they do will usually look for job opportunities elsewhere that offer a salary level that matches their expectations (Dewi et.al., 2023). Employees may evaluate the sacrifice those who have been given to the company with the compensation received. If they feel dissatisfied with the compensation received over a long time, they are likely to look for another job that offers more satisfying rewards. This finding supports the findings in the research of Belawa (2022) and Tualai & Aima (2022), which show that workload and compensation have a substantial impact on employee performance.

Every person who works hopes to feel satisfied with their work. The more parts of the job that match the individual's desires, the higher the level of satisfaction. According to Wibowo in (Rulianti et.al., 2023) job satisfaction is a general evaluation of a person's work, which reflects the difference between the amount of compensation received and the amount that should be received in the form of money. For this reason, companies must implement policies to measure employee satisfaction, especially in providing compensation. This is as stated by DW as follows:

"For almost a year running in providing compensation to certain employees, there has been no evaluation conducted. Because the evaluation in this company must wait one year after the policy is in place to assess employee satisfaction which can be seen from employee loyalty to remain in the company" (DW).

In the DW statement in the F1 building of PT PWI Jepara, there has been no study to measure employee satisfaction with the compensation given. This activity of measuring employee satisfaction can be used by companies to see whether employees working in the F1 building of PT PWI Jepara have truly received justice and comfort in their work. According to Widyanti et.al., (2020), to measure employee job satisfaction, there are several factors that companies must consider, namely: (1) satisfaction with income refers to how much the wages received are comparable to the work done compared to others in similar positions; (2) satisfaction with career levels includes the desire for advancement which includes significant changes in compensation in the same capacity; (3) satisfaction with colleagues at work, namely having supportive coworkers to increase job satisfaction; (4) satisfaction with work is the extent to which the tasks offered provide the opportunity to feel challenged to achieve a higher position; (5) satisfaction with leadership is how much attention is paid to the help and support that significant shown by the direct superior to his subordinates. Leaders who establish close personal relationships with their subordinates and understand their needs who are committed to fulfilling job satisfaction and participation of their subordinates have a major impact on achievement in work. Job satisfaction is a key factor in determining the level of well-being and satisfaction of a person with their job. Therefore, companies must implement policies to measure employee satisfaction, according to research (Fauzi et.al., 2022).

Conclusion

Based on the results of interviews with the five informants and the analysis conducted by the author on how the implementation of compensation management is carried out practically at PT PWI Jepara in the F1 building, namely the company must provide fair compensation to employees with consistency in distribution and increase compensation allocation so that the distribution is even according to employee expectations. The company can take strategic steps to increase the role of compensation in improving employee performance by: (1) conducting a salary survey; (2) determining the value of each job in the company through job evaluation; (3) grouping the same or similar jobs into the same wage level; (4) providing salary increases to employees who have done the job double job desk by reviewing the workload with the income received by employees; (5) adjusting the salary level with applicable laws; (6) evaluating and revitalizing the compensation system to ensure that it is fair, transparent, and in accordance with individual contributions. During the production process, companies must pay attention to the mental and physical health of employees by reducing work pressure on employees and building good relationships between leaders and employees to prevent oppression for personal interests. In addition, companies must pay attention to the employee work environment by building good interpersonal relationships, increasing supervision of leaders and employees, work safety, creating a balanced work environment and notice employee conditions in the workplace according to their expectations. The assessment of employee satisfaction can be carried out by the company by considering several factors, namely: satisfaction with income; satisfaction with career levels; satisfaction with coworkers; satisfaction on the job; and satisfaction with the leadership. With the study on measuring employee performance satisfaction, it is hoped that it can be a benchmark for evaluating policies that have been implemented in the company.

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