DESIGNING COMPENSATION SYSTEM TO INCREASE DEVI KHUSUS EMPLOYEE SATISFACTION

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Abstract. Textile and garment industry is one of several industries that have a big contribution for Indonesia GDP in 2018. It is a promising business because the demand is still high. However, the rapid growth of the industry does not always have a good impact on the company. Devi Khusus is one of the examples of the textile and garment company that focused on producing labor and student uniforms. Based on preliminary research, Devi Khusus revenue growth in the last five years has decreased due to unsatisfied employees with existing compensation systems. This research aims to design a new compensation system that can be applied in Devi Khusus to overcome the problem that occurs. Job analysis consisting of job descriptions and job specifications is used in this study as a basis for creating a new compensation system. In improving job analysis, competencies will be used to calculate salaries using job-based structures and point methods as a calculation process. After that, an interview with the owner was conducted to validate the data and ensure that the aspects were in accordance with the company. The result of this study is a new compensation system that can solve the problem in Devi Khusus.

Keywords: Compensation; Basic Salary; Employee Satisfaction

INTRODUCTION

As global economic growth is projected to slow because of the world economic crisis, Indonesia's Gross Domestic Product (GDP) has increased significantly in the last 3 years. In 2018, Indonesia's GDP in the second quarter increased by 4.21% (Badan Pusat Statistik, 2018). The contribution of the Gross Domestic Product is supported by several industries one of them is textile and garment industry. Textile and garment industry in Indonesia is a promising business because the demand is still high, especially uniform demand for labor in the industrial area and uniform demand for students (Hamdani, T, 2018). Textile and garment industry ranked 3rd in the export sector and absorbs a large number of labors, up to 2.79 million labors and the production result can fulfill 70% clothing needs in Indonesia (Kemenperin.go.id, 2018). Textile and garment business is a popular business in Indonesia. This is an opportunity for textile and garment industry to maximize its potential.

Devi Khusus is one of a garment company, which is established in 1978. It produces many kinds of garment, especially labor uniform and school uniform. Devi Khusus is not only focused on producing, but also has a store to sell the goods that are produced. The growth of textile and garment industry makes the competitive levels among producers high. With a high level of competitiveness in the industry, the company experienced several obstacles that caused the company unable to reach its revenue target. The obstacle is the performance of the employee.

Since 2015, Devi Khusus was unable to reach the predetermined revenue targets. Devi Khusus revenue could not reach the target for the past four years and revenues that did not reach the target occurred significantly in 2018. This happened because of the decreasing performance of employees, which caused employees unable to reach the set targets. In order to find which factor that caused the decreasing performance. An interview was conducted with one of the employee. He said that employee performance decreased because the existing compensation system in Devi Khusus is still unclear which resulted in the dissatisfaction of employees towards the company. It is in accordance with Syahreza, Lumbanraja, Dalimunthe, and Absah (2017) that stated poor compensation management will result in a decrease in the motivation of employees, which ultimately affects the decline in their performance. A questionnaire already distributed to find the cause. The result shown that 54% of 33 employees feel the salary given is unfair. They feel the salary they received does not represent their task and people with higher salaries had a fewer task. To maintain the employee performance, compensation plays a crucial and functional role because the employee depends on the wages and salary given, and it must be equivalent to their workloads (Uwizeye & Muryungi, 2017). The balanced salary and workload they receive will increase employee satisfaction and it will affect the growth of the company through the improvement of their performance. Therefore, Devi Khusus has to make some improvement of their compensation system by considering the internal alignment to increase the employee satisfaction through salary they are given and the owner must consider the task for each job position to provide fair compensation. Thus, the objective of the research is to designing basic salary calculation system to increase revenue growth in Devi Khusus.

LITERATURE REVIEW

Compensation
Compensation is a reward that a worker anticipates after putting his/her efforts to accomplish the company's objectives and goals (Okwudili & Edeh, 2017). Compensation received by employees is directly proportional to employee's motivation (Okwudili & Edeh, 2017). Murty and Hudiwinarsih (2012) stated that an employee who is motivated will be enthusiastic when carrying out the tasks given by the company, and vice versa, a low-motivation employee will show their discomfort and displeasure by causing their work performance to be bad and the company's goals will not be achieved. Furthermore, Ghazanfar et al. (2011) stated that work motivation is strongly influenced by satisfaction with the compensation given.

Form of Pay
Dessler (2015) stated compensation of employees has two main components, direct financial payments which contain wages, salaries, incentives, commisions, and bonuses, and indirect financial payments which contain financial benefits like employer-paid insurance and vacations. According to Milkovich, Newman, & Gerhart (2017) people receive various returns from works. There are two components for total returns, such as total compensation and relational returns. Total compensation itself has two types, namely cash compensation and benefits.

Pay Model
According to Milkovich, Newman, & Gerhart (2017) pay model is a framework for looking at the current pay systems in a company. The pay model framework is made to achieve a target within the pay systems and there are several techniques in pay model which can help the company achieve its goals. Policies of pay model framework consists of four policies choices, such as internal alignment, competitiveness, contributions, and management.

Pay Structure Methods
Pay structure is used to indicate different payment rates for each job. Every company uses a different method for its payment structure. Pay structure methods for designing compensation is consists of two methods, such as person based structure and job-based structure. Milkovich, Newman, & Gerhart (2017) stated job-based structure focuses on what must be valued in the work, how to assess that value, and how to translate it. The job value will determine the relative value of a job to make the organization structure for the company. Person-based structures are based on every individual's ability/knowledge/experience offer adaptability to adjust talent with work environments that continuously upgraded (Milkovich, Newman, & Gerhart, 2017). Furthermore, there are two types of person-based structures, that is skill based structure and competency-based structures.

Job Analysis
According to Martocchio (2013) said job analysis is carried out to determine the duties and responsibilities of a person carried out by job incumbent. Coherent with Milkovich, Newman, & Gerhart (2017) theory that job analysis is a systematic method for information collection that identifies work similarities and differences. Kim and Kim (2017) stated that job analysis is important because it can make it easier to understand the knowledge, skills, abilities, and responsibilities needed to fill a job. Job analysis also has a role to determine indicators to measure employee performance (Nistor, 2012)Job analysis is the basis for building effective human resource systems and to help organizations achieve superior business performance (Murphy, 2000). Job analysis is used in human resource development because accurate job information obtained from job analysis can help human resource development to make good decisions. In addition, by developing the skills and abilities of employees, companies can get positive results through the performance of existing employees (Kim & Kim, 2017).

Job Evaluation
Job evaluation is a formal and systematic job comparison to determine the value of one job compared to the other (Dessler, 2015). Further, Dessler (2015) stated that eventually job evaluation results in a wage or pay structure or hierarchy, this shows the pay rate for different jobs or group of jobs. There are two basic objectives of job evaluations, to compare the work to determine the level in each work group and compare the work among the work-groups (Elizur, 1978). There are three methods of job evaluation, such as ranking, classification, and point method (Dessler, 2015).

Based on the literature done to determine pay structure, job-based structure is chosen for doing data analysis in Devi Khusus. The job-based structure is used to determine the employee salary based on their job position, not the employee itself. Point method is used to calculate a suitable salary for each position to address internal alignment needs. Furthermore, competency based is used for the compensable factor instead of skill based or other factors like knowledge and experience, because competency-based can be used for the job position with similar competencies in Devi Khusus. Therefore, competency-based is a flexible competency which supports job rotation and job promotion as long as the work requires similar competency.

METHODOLOGY

The methods that used in order to conduct this research is preliminary study, problem and objective identification, literature review, data collection, data processing and analysis, and conclusion and recommendation. This research used mix methods, which are qualitative and quantitative methods. The qualitative method is used for preliminary study by conducting interview with the owner of the company and one representative of the employee. The quantitative method is used for calculating the new salary system of Devi Khusus. Job-based salary was used is chosen to be used for calculating the new salary system based on existing position. Point method will be used for conducting the job evaluation. In order to conduct the research, primary and secondary data is needed. Primary data obtained from the interview with the owner because the owner is considered to have the power as the CEO of the company to supervise and manage performance of the employee. The secondary data obtained from the company's data and data from the internet. Benchmark salary data will be obtained from the internet to make the company have external competitiveness.

For calculating the new salary system, researcher followed the steps conducted by Milkovich, Newman and Gerhart (2017). The first step is conduct job analysis by improving the current job description and job specification. In conducting job analysis, competencies will be used as the compensable factors and compensable sub factors. There are core competencies, managerial competencies, functional competencies, and technical competencies. Each position in the company will have different competencies because they have different task and responsibilities. After that, we need level for compensable factors and compensable sub-factors. The next step is to define the level and description for each compensable sub-factor. The level of competencies and descriptions used refers from Spencer and Spencer dictionary. After determining the level of each competency, it is necessary to determine the weight for each factor and sub-factor carried out using the Analytic Hierarchy Process (AHP) calculator. The weight for each factor and sub-factor is used to calculate the total weight for each competency. The maximum work value will be determined by multiplying the work value by 100,000. Then, the minimum work value will be determined using the interpolation. Interpolation is done by reducing the maximum value to the minimum value and dividing it by n-1 to find the interval level for each competency. The results will be adjusted to the level in each competency. The calculation will be used for all existing competencies. After finding the value for each competency level, we calculate the competency score for each position by summing the competency values in each job position. After that, the calculated job value will be used to calculate the job salary for each position in Devi Khusus.

FINDINGS AND ARGUMENT

In Devi Khusus, there are 13 positions with 37 employees that researcher get from the owner. The positions are production manager, store manager, financial administrator, human resources manager, production supervisor, store supervisor, cutting staff, sewing staff, accessories staff, quality control staff, packaging staff, delivery staff, and store staff. Core competencies in Devi Khusus derived from company value. There are three core competencies in Devi Khusus, which are Achievement Orientation (ACH), Customer Service Orientation (CSO), and Teamwoek (TW). For competencies that must be owned by a position that has and need to lead a subordinates is called managerial competence. There are four managerial competencies in Devi Khusus, which are Developing Others (DEV), Directiveness (DIR), Impact and Influence (IMP) and Team Leadership (TL). Next, functional competencies that every division must owned are Analythical Thinking (AT), Concern for Order (CO), Flexibility (FLX), Relationship Building (RB), and Self-control (SCT). Furthermore, there are technical competence which contains Expertise (EXP) and working experience and working conditions which contains comfort level and risk accidents.

This finding has been validated through an interview with the owner of Devi Khusus. Compensable factors used in this research are core competencies, functional competencies, managerial competencies, technical competencies, and working conditions. In determining the weight of each compensable factors and compensable sub-factors, researcher asks the owner to choose the most important factor and compare it with other factors. To determine the weight of each compensable factors and compensable sub-factors, researcher used the expert judgement calculation which is the owner, because he is the one who knows more about skill and knowledge needed for each position in Devi Khusus and the results of the weights are shown in table 1. The value of each level in the compensation factor is determined using the interpolation method and the job value for each position is calculated by summing all job values. The results are shown in table 2. Job worth score obtained from dividing the benchmark salary with job value. Benchmark salary is obtained from the average salary of other company in the same industry. The job worth chosen by the owner is 121.07 for determining the salary of each position because the new calculation of the job salary is aligned with the company budget capability.

Table 1. Factors and Sub-Factors' Weight, Max Job Value, and Min Job Value

Factors	Weight j (%)	Sub-Factors	Weight i (%)	Wi x Wj (%)	Max. Job Value	Min. Job Value
Core	27.80%	ACH	32%	8.90%	8896.00	0
		CSO	55.80%	15.51%	15512.40	0
		TW	12.20%	3.39%	3391.60	0
Managerial	13.90%	DEV	26.90%	3.74%	3739.10	0
		DIR	21%	2.95%	2946.80	0
		IMP	10.90%	1.52%	1515.10	0
		TL	41.00%	5.70%	5699.00	0
Functional	46.60%	AT	10.90%	5.08%	5079.40	0
		CO	33.40%	15.56%	15564.40	0
		FLX	8.70%	4.05%	4054.20	0
		RB	22.10%	10.30%	10298.60	0
		SCT	24.90%	11.60%	11603.40	0
Technical	7.50%	EXP	66.70%	5.00%	5002.50	0
		WE	33.30%	2.50%	2497.50	249.75
Working conditions	4.20%	CL	66.70%	2.80%	2801.40	280.14
		RA	33.30%	1.40%	1398.60	139.86
TOTAL	100.00%	TOTAL		100.00%		

Table 2. Job Salary

Position	Job Value	Benchmark Salary	Job Worth (Benchmark/Job Value)	Job Salary	Salary Round-up	Salary Comparison
Production Manager	57816.83	IDR7,000,000	121.07	IDR6,999,883.61	IDR7,000,000	Increase
Store Manager	51496.38	IDR5,500,000	106.80	IDR6,234,666.73	IDR6,300,000	Increase
Financial Administrator	45347.71	IDR4,000,000	88.21	IDR5,490,247.25	IDR5,500,000	Increase
Human Resources	41685.15	IDR4,000,000	95.96	IDR5,046,821.11	IDR5,000,000	Approximately same
Production Supervisor	45665.29	IDR6,000,000	131.39	IDR5,528,696.66	IDR5,500,000	Slightly Increase
Store Supervisor	40280.99	IDR4,000,000	99.30	IDR4,876,819.46	IDR4,900,000	Slightly Decrease
Cutting Staff	20092.26	IDR3,000,000	149.31	IDR2,432,569.92	IDR2,500,000	Slightly Increase
Sewing Staff	20092.26	IDR3,000,000	149.31	IDR2,432,569.92	IDR2,500,000	Slightly Increase
Accessories Staff	20092.26	IDR2,000,000	99.54	IDR2,432,569.92	IDR2,500,000	Increase
Quality Control Staff	18837.58	IDR2,000,000	106.17	IDR2,280,665.81	IDR2,300,000	Approximately same
Packaging Staff	18837.58	IDR2,000,000	106.17	IDR2,280,665.81	IDR2,300,000	Approximately same
Delivery Staff	18837.58	IDR2,000,000	106.17	IDR2,280,665.81	IDR2,300,000	Slightly Increase
Store Staff	17174.16	IDR2,000,000	116.45	IDR2,079,275.55	IDR2,100,000	Decrease

Based on the result, there are several positions whose salary increase, approximately the same, and decrease. For production manager, store manager, financial administrator, production supervisor and store job salary is increasing due to their job

responsibilities to leading and directing their subordinates that need to be included to the consideration. Those position has more competence than other position, so their job salary must also adjust. Cutting staff, sewing staff, and accessories staff job salary also increase in order to improve their performance since company core business is producing apparel which focuses on the production process to give excellent product. Quality control staff and packaging staff approximately have the same job salary as before, while delivery staff job salary is slightly increase. Store staff job salary is decreasing due to the competencies that assigned to calculate the new salary system.

Salary adjustments that occur in Devi Khusus are a form of re-alignment so that the salary provided by the company to employees is in accordance with internal fairness. In addition, salary adjustments made through benchmark salaries from other companies with the same industry are also intended so that the salary provided by the company remains competitive. The next step is researcher ask the owner's approval to validate the new salary proposal, so the proposed budget does not exceed the capability of the company's budget. This new salary system takes into account internal alignment by adjusting the competencies needed by each position, so employees at Devi Khusus are satisfied with the existing compensation system.

CONCLUSIONS

The basic salary that is not in accordance with the workload of employees will make employees feel dissatisfied and their performance while working will decrease according to Murty and Hudiwinarsih (2012) stated that an employee who is motivated will be enthusiastic when carrying out the tasks given by the company, and vice versa, a low-motivation employee will show their discomfort and displeasure by causing their work performance to be bad and the company's goals will not be achieved. Researchers conduct the research with the aim of increasing employee satisfaction in Devi Khusus by designing compensation systems. The design of the new compensation system considers internal alignment, external competitiveness, and also the capability of the company's budget. Internal alignment can be measured by using competency-based methods in calculating a new compensation system. External competitiveness can be calculated using salary benchmarks from other companies in the same industry to help companies provide competitive salaries in their industries. The results of this study recommend Devi Khusus to use the new compensation system so that the salary calculation will be given more systematically and in accordance with the duties and responsibilities of each position. Devi Khusus can also add bonuses to make employees more motivated and can increase the company's revenue growth.

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