



Compensation Management System at the Tanjungpinang Class II Port Authority and Municipal Office

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Abstract This study aims to describe the employee compensation management system implemented in the Tanjungpinang Class II Port Authority and Municipal Office (KSOP). This study uses a descriptive method with a qualitative approach. Data collection was carried out by interview and direct observation techniques. The sample used in this study is purposive sampling. The informant in this study is Mr. Harry Priambodo, S.Pi. as the head of the administrative sub-division at the Tanjungpinang Class II Port Authority and Municipal Office (KSOP). The data analysis used in this study was carried out through three stages, namely data reduction, presenting data, and making conclusions. The results of the study show that the implementation of the employee compensation management system at the Tanjungpinang Class II Municipal and Port Authority Office has been running in accordance with applicable regulations and has a positive impact on employee performance. This can be seen from the regularity in the management of basic salaries, allowances, and work facilities such as BPJS Kesehatan, BPJS Employment, and supporting equipment. The procedure begins with performance measurement based on discipline and work achievement monitored through digital and manual attendance. The system also supports career development through Periodic Raises and promotions.

Keywords: Management, Compensation, Compensation Management, Employees

1. INTRODUCTION

Employees, as Human Resources (HR), play an important role in maintaining the vitality of an organization. To ensure a bright future for the organization, it is important to carry out systematic and continuous human resource development. Human Resource Management (HRM) is the key to realizing this goal. Arifudin (2019) emphasized that organizations that want to develop and advance must pay special attention to human resource development. This aims to enable human resources to carry out their functions optimally, especially in the face of dynamic environmental changes.

In the process of achieving organizational goals, the emergence of problems related to human resources is inevitable. This problem is divided into two, namely: external and internal. External problems come from outside the organization, covering economic, social, political, legal, technological, and labor market aspects. The impact of these external problems is generally easier to identify. On the other hand, internal problems often go unnoticed. These problems arise from within the organization itself, some of the internal problems in the organization's human resource management (HR) include salary gaps, lack of transparency, non-compliance with performance, discrimination and late payment as well as inappropriate payment and reward systems. This leads to a decrease in employee motivation and productivity, an increase in *turnover* rates, a decrease in job satisfaction, internal conflicts and a poor organizational image. They must develop effective HR management solutions to address these issues.

One of the important solutions is compensation management. According to Grenere (Afidhoh & Pancawati, 2023) Compensation management has an important role in attracting and retaining employees, as well as encouraging their performance to achieve organizational goals. Compensation management is an effective tool for management to improve organizational effectiveness, while also having a positive impact on employee behavior and productivity (Bustamam et al., 2014).

The Tanjungpinang Class II Port Authority and Municipal Office (KSOP) is a government institution responsible for shipping safety and security in its area under the Directorate General of Sea Transportation, Ministry of Transportation (As'at, 2023). The establishment of the technical implementation unit of the Tanjungpinang Class II Municipal and Port Authority Office is determined based on the Regulation of the Minister of Transportation Number PM 36 of 2012 concerning the Organization and Work Procedures of the Municipal Office and Port Authority which was stipulated on June 1, 2012. Before the issuance of the regulation, this agency used to be called the Tanjungpinang Class II Port Administrator Office. Currently, the Tanjungpinang Class II Municipal and Port Authority Office has a total of 96 employees which are divided into: 60 Civil Servants (PNS), 3 Government Employees with Employment Agreements (PPPK), 2 employees *outsourcing*, and 31 Non-Civil Servant Government Employees (PPNPN) or commonly referred to as honorary.

The purpose of this study is to describe the employee compensation management system implemented in the Tanjungpinang Class II Port Authority and Municipal Office (KSOP).

2. LITERATURE REVIEW

Implementation

Implementation according to Jones' theory (Akhmad, 2020) "*Those Activities directed toward putting a program into effect*" (the process of realizing the program until it shows the results), while according to Horn and Meter: "*Those actions by public and private individual (or group) that are achievement or objectives set forth in prior policy*" (actions taken by the government). So implementation is an action that is carried out after a policy is established. Implementation is a way for a policy to achieve its goals. Grindle (Mandolang & Dengo, 2019) stated, "Implementation is a general process of administrative actions that can be researched at a certain program level".

Compensation Management

Management is a strategy in using the energy and thoughts of others to carry out activities

aimed at achieving the goals that have been set. In management, there are various techniques that prioritize the aesthetic aspect of leadership in directing, influencing, supervising, and organizing all elements that support each other in order to achieve these goals (Sulfemi, 2019). Management can be defined as a collaborative process that involves individuals, groups, and various resources to realize the goals that have been set by the organization (Sulfemi, 2018). Success in managing an organization can be achieved through a blend of scientific and artistic approaches to management (Prihatini & Dewi, 2021).

Every company or organization must have a purpose, the important role of the management control system is to motivate the members of the company to achieve the company's goals. One way is to provide compensation or incentives to employees or employees of the organization. Compensation is one of the elements of industrial relations that often causes problems in industrial relations. The issue of compensation, especially salary, has always been a concern for organizational leaders, employees, and the government (Fibriadi et al., 2022).

According to Hasibuan (Arifudin et al., 2020) Explain that compensation is all the rewards that employees receive from the company for their services. This reward can be in the form of money or goods, either given directly or indirectly. Compensation is given as a form of appreciation for the contribution of employees, who have contributed their energy and mind to advance the company and help achieve its goals, both in the short and long term.

Compensation management is the process that companies use to organize the awarding of rewards to their employees. In determining compensation, companies generally consider several factors such as the weight of the job, employee performance, and length of service. This includes how companies pay, recognize, and reward employee contributions, which is also a means of communication for companies to employees about their value in the organization (Krisna, 2017). Compensation management involves a series of interrelated activities. Starting from the planning of the compensation system, the implementation of compensation, process supervision, to the development of the existing system. All of this is done with the aim of creating a balance between what employees receive and what the organization gives (Ruky, 2018).

In the opinion of Gary Dessler (Afidhoh & Pancawati, 2023) stated that the implementation of compensation management can be done through several methods. These methods include conducting surveys to determine applicable salary and wage standards, evaluating various job positions, grouping types of jobs based on certain characteristics, and providing compensation adjusted to the level of payment. In providing compensation, Dessler

divides it into two main categories. The first category is financial compensation, which involves providing rewards in the form of money or that can be measured monetarily. The second category is non-financial compensation, which includes various forms of rewards or benefits that are not directly related to money, but still have value for employees.

3. RESEARCH METHODS

This study uses a descriptive method with a qualitative approach. Qualitative research is a way to study nature and circumstances in depth, without conducting experiments. Data collection is carried out by interview and direct observation techniques. The sample used in this study is purposive sampling. The informant in this study is Mr. Harry Priambodo, S.Pi. as the head of the administrative sub-division at the Tanjungpinang Class II Port Authority and Municipal Office (KSOP). The data analysis used in this study is carried out through three stages in analyzing data, namely filtering important information (data reduction), presenting data, and making conclusions. This method relies heavily on the researcher's observations during the research process. The goal is to get a clearer and more in-depth picture of the situation being studied.

4. RESEARCH RESULTS

Research on the employee compensation management system implemented at the Tanjungpinang Class II Port Authority (KSOP) revealed several important findings related to policies, procedures, and the impact of the implementation of compensation management on employee performance. Based on the results of an interview with Mr. Harry Priambodo, S.Pi., Head of the Administrative Sub-Division of the Tanjungpinang Class II Port Authority and Municipal Office, a clear picture of the compensation mechanism applied in the agency was obtained.

The implementation of the compensation management system policy at the Tanjungpinang Class II Port Authority and Municipal Office shows the alignment between practices in the field and existing regulations. Law Number 5 of 2014 concerning the State Civil Apparatus is the main foundation in the implementation of the compensation management system, as conveyed by the resource person, Mr. Harry Priambodo, S.Pi. that the basis for calculating salary refers to "the rules applicable in both the Law and the Presidential Regulation including the Regulation of the Minister of Transportation."

The compensation structure applied reflects the provisions of Government Regulation Number 15 of 2019, where the resource person explained that the salary component includes

"basic salary, salary from child allowance and wife allowance" with a limit of two children who are still in education. Position allowances are given specifically to five structural officials at the Municipal Affairs Office and Port Authority, in accordance with applicable regulations.

In terms of social security, the implementation at the Municipal Office and Port Authority is in accordance with Government Regulation Number 70 of 2015, where civil servants and P3K get BPJS Kesehatan, while outsourced employees get BPJS Employment through labor provider companies. Meanwhile, regarding the award system, the Municipal Affairs Office and the Port Authority implement a policy in accordance with Government Regulation Number 35 of 2010, where employees with a certain period of service receive a loyal badge, as exemplified by resource persons who have received awards after 20 years of service.

The procedures of the compensation management system implemented are based on applicable regulations, both in the form of Laws, Presidential Regulations, and Regulations of the Minister of Transportation. This system covers all categories of employees at the Tanjungpinang Class II Municipal and Port Authority Office, ranging from ASN (consisting of civil servants and P3K), PPNPN (honorary), to *outsourcing employees*. In its implementation, this compensation management system begins with the measurement of employee performance which is based on two main indicators, namely discipline and performance, which in total reaches 100%. To measure discipline, especially in terms of attendance, the Tanjungpinang Class II Municipal and Port Authority Office implements a dual attendance system consisting of a digital system through a schema application and a manual system supported by CCTV surveillance. Attendance is carried out three times a day, namely morning, noon, and evening.

The compensation process begins with the submission stage from the Human Resources (HR) section, which is then forwarded to the financial administration manager and budget manager. After the compensation list is compiled in accordance with applicable regulations, the proposal is submitted to the Ministry of Finance through the Tanjungpinang State Treasury Service Office (KPPN). After getting approval, the compensation will be transferred directly to each employee's account.

The compensation components provided consist of basic salary, various allowances (family, rice, positions for structural officials), performance allowances, side dishes, and the 13th and 14th salaries. Especially for civil servants, the payroll system is carried out at the beginning before work, while allowances are given after carrying out work. Employees are also entitled to overtime pay if they work more than normal working hours, with an hourly

calculation and must be completed with an overtime duty order, attendance, and documentation.

In terms of employee protection, the agency provides BPJS Kesehatan for civil servants and P3K, while for *outsourced* employees get BPJS Employment managed by an *outsourcing* company. In addition, employees also get work support facilities such as desks, laptops, and other supporting equipment. For career development, this system also includes a Periodic Salary Increase (KGB) which is carried out every 2 years based on the proposal of the head of office.

The impact of the implementation of compensation management on employee performance is also varied. When an employee has carried out his duties by applying discipline and showing good performance, then they will automatically receive their rights. The impact of compensation on employees can be seen from how employees directly motivate themselves, coupled with the role of leadership in motivating employees to carry out their duties. This is reflected in the willingness of employees to work beyond normal working hours (8 hours), which shows enthusiasm, totality, and loyalty in carrying out their duties. In addition, the compensation system also has an impact on employee career development. For those who show good performance and potential, there is an opportunity to be promoted to a higher position. For example, an employee with a *grade 7* in his performance allowance can be promoted to the next position so that he moves up to *grade 9*, which brings an increase in benefits of around 1.5 to 2 million rupiah. This shows that the compensation system not only has an impact on short-term career development, but also on long-term career development.

In addition, the reward system integrated with compensation management also has a positive impact. Employees who have served for 10 years will receive a loyalty badge from the President of the Republic of Indonesia as a form of appreciation for their dedication. Outstanding employees also have the opportunity to receive awards from various levels, ranging from Ministers, Directors General, to office heads, which can indirectly affect their motivation and performance.

5. COVER

The compensation management system at the Tanjungpinang Class II Port Authority and Municipal Office shows that the implementation of the policy is in accordance with the applicable laws and regulations. The compensation system which includes basic salary, allowances, overtime pay, and social security is implemented based on employee performance measured through discipline and productivity, supported by a double attendance system. The compensation

procedure involves various stages until disbursement directly to the employee's account. The impact of a compensation management system can increase motivation, morale, loyalty and also support employee career development through promotions, grade increases, and awards. Another positive impact is the increase in totality of work, including the willingness to work beyond normal hours, which reflects the success of compensation management in supporting employee performance and well-being.

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