
**ANALYSIS OF JOB VALUE-BASED COMPENSATION SYSTEM
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<mailto:tasyaocta@apps.ipb.ac.id>**Abstract**

Compensation is a form of reward from an organization for the performance of its members. There are 2 types of compensation, namely financial and non-financial compensation. Compensation, especially the financial type, will affect the welfare of the recipient. This study will discuss the improvement of compensation in accordance with the method point system with company policy. The studied company is a company that is engaged in the automotive field that focuses on used-vehicle transactions, sale of spare parts, and vehicle services. The purpose of this research is (1) to develop job grading and job values for employees of company XYZ based on compensable factors according to scientific journals (2) to evaluate compensation system improvements that are appropriate and effective to be implemented in company XYZ. The data in this study are quantitative, primary data obtained through direct interviews and the results of questionnaires and secondary data obtained through literature studies and relevant reports. The method used is salary mapping adhered, and salary mapping overlapping. The result of the research shows that there are 10 compensable factors that become the job evaluation factors that form the basis for compensation. All factors are divided into 3 parts according to Hay's method, namely know-how, problem solving, and accountability. The results of the salary reform design that have been obtained can be used as the company's new payroll system.

Keywords: compensable factor; job evaluation; job value; salary mapping

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Introduction

In the efforts made to achieve the company's goals, the problems faced are becoming increasingly complex along with technological developments in the current era of globalization. One way that companies can do to ensure the achievement of goal alignment, companies can pay attention by giving compensation to their employees, this is because compensation is a reciprocal relationship between companies and employees.

Compensation is a form of reward received by individuals from organizational performance and tasks. According to

(Kurniawan, 2014), compensation is all forms received by employees as compensation for the performance they provide to the company. In order to create a productive work environment, compensation must be given fairly and equitably. Compensation must be submitted according to the contribution given to the company in the form of bonuses, subsidies and welfare must be included in the pay system (Acheampong, 2010).

According to (Simamora, 2006) in general, compensation components can be divided into direct compensation and indirect compensation. Financial compensation

(direct financial compensation) composed of mercenaries obtained a person in the form of salaries, wages, bonuses. Indirect financial compensation or referred to as allowances includes all financial rewards that are not covered by direct compensation. Non-financial compensation (non-financial compensation) consists of a person's job satisfaction derived from the work or from the psychological environment in which people work.

The compensation given must be appropriate, fair, satisfying, motivating, rewarding and in accordance with needs (Lewa & Subowo, 2005). Compensation will provide benefits to both parties, both the company and the employee. According to Notoatmodjo (1998), the objectives of the compensation policy include:

- Forms of appreciation for employee performance
- Ensure fairness of employee salaries
- Retain employees or reduce turnover employee
- Obtain employees top-talented
- Controlling operational costs
- Comply with labor-related regulations

A decent and fair salary is a salary to employees who are in accordance with the workload and responsibilities. In general, there are three types of payroll used by companies, namely pay for performance, pay for position, and pay for people (Kartika et al, 2016). Pay for people are all rights received by employees by considering the competence of employees. Pay for performance is the acceptance of employees based on their performance appraisal within a certain period. Pay for position is the acceptance of employees based on the level of position, each level of position has a different weight based on the dominant factors.

This research takes a case study in the automotive industry. XYZ Company is a medium-scale enterprises engaged in the field of automotive selling a used vehicle purchase, sell spare parts, as well as provide service vehicles. In this business there are 20

employees with different focuses, namely sales, mechanic, and finance. Application of method salary mapping adhered and overlapping for the payroll system is carried out to match the suitability of the compensation system with the job value of each employee in this business.

This study will analyze how the formulation of job grading and job value for XYZ company employees based on compensable factors according to scientific journals, evaluation of compensation system improvements that are appropriate and effective to be implemented in XYZ companies.

Based on the description, the purpose of this research is to compile job grading and job values for XYZ company employees based on compensable factors according to scientific journals, carry out an evaluation of the compensation system improvement that is appropriate and effective to be implemented in XYZ company.

The scope of the research is limited to the discussion of the financial compensation system with a sample of XYZ company employees based on job value. Compensation data is also in the form of basic salary which will be researched and evaluated using a system adhered salary mapping and overlapping.

Method

The research was conducted at xyz company located in Denpasar City, Bali Province. The research was conducted in August - October 2021 and was carried out gradually to obtain information and data, data processing, to the preparation of works. Sample withdrawal is done by saturated sampling or census. Respondents consisted of 20 employees of XYZ company including Manager, Financial Controller, Sales Supervisor, Mechanical Supervisor, Salesman, Counter Sales, Administrative Staff, Staff Service, Staff Spare Part, Cashier, and Driver.

The types of data sources that in this study are secondary data and primary data.

The primary data we get comes from in-person interviews and giving questionnaires to company owners. In addition, we also use secondary data derived from various literatures from journals and thesis. This research is a quantitative and qualitative research by describing the compensation system run by XYZ company.

In this study, we used Salary Mapping analysis and point system method as data processing and analysis methods to compile a job value compensation system model system in xyz company. According to Mondy (2008), in the point system, experts provide and map the value of numbers for certain work factors such as the knowledge needed and the amount of value that has been mapped will provide a quantitative assessment of the relative value of the work. The steps of the point system method are:

- a. Selection of SMEs
- b. Identify compensable factors based on core business

- c. Define levels and define each compensable factor
- d. Determine the weight of each factor by Analytical Hierarchy Process (AHP)
- e. Determine the point value of each factor
- f. Calculate the job value of each job title
- g. Determine job grading
- h. Calculates the mapping of the base salary of each grade with adhered (berimpit) and overlapping methods
- i. Determine the ideal compensation system for the company XYZ.
- j.

1. Respondent Profile

Characteristics of respondents consist of gender, age, length of work and position.

The results of the survey can be seen in the table. 1

**Table 1
Profile of Respondents**

	Gender		Age (years)			Length of employment (years)		
	M	L	<25	25-30	>30	<4	4-6	>6
Manager		1			1			1
Sales Supervisor		1			1			1
Financial Controller	1				1			1
Mechanical Supervisor		1			1		1	
Counter Sales	2		1	1		1		1
Staff Administrative	1		1				1	
Service Staff		5	5			1	4	
Spare part staff		2	2				2	
Salesman		3	1	2		2	1	
Cashier	1			1			1	
Driver		2		2		4		
Total	5	15	4	12	4	6	10	4

**Designing the Ideal Compensation System in XYZ Company
Compensable Factors Formulation**

Results And Discussion

According to Ruky (2002), compensable factors are used as the basis for determining the value of the position.

Compensation factors must be general and universal and contain the main characteristics of the type of work (core business). In helping to analyze compensable factors, this study uses an approach through three main characteristics proposed by Korn Ferry Hay Group, namely know-how, problem solving and accountability. Know-How is defined as

the sum total of each type of knowledge and skill, but required for acceptable job performance. Problem Solving refers to using knowledge to identify, describe, and solve problems. Accountability is defined as the responsibility a job has to produce some results and the importance of these results to the organization (Hay Management Consultant, 1995).

Thus, obtained 10 factors and their sub-factors, including:

- a. Education (A) with 4 sub factors.
- b. Work experience (B) with 6 sub factors.
- c. Communication (C) with 5 sub factors.
- d. Analysis and problem solving (D) with 5 sub factors.
- e. Freedom of action (E) with 5 sub factors.
- f. Working conditions with (F) 6 sub factors.
- g. Customer service orientation (G) with 6 sub factors.
- h. Physical effort (H) with 6 sub factors.

- i. Responsibility for materials and products (I) with 6 sub factors.
- j. Build relationship (J) with 5 sub factors.

1. Determination of Factor Weights with the AHP Method

Before determining assign job grading, it is necessary to weight and values to the arranged factors. The weighting is done using the method Analytical Hierarchy Process (AHP). Filling in the weights is done by discussing with the incumbent in XYZ company.

Note:

- 1 = Equally Important
 3 = Slightly More Important
 5 = More Important
 7 = Very More Important
 9 = Absolute More Important
 2,4,6,8 = Middle value

Table 2
Determination of factor weights with AHP

<i>Compensable factor</i>	<i>Know How</i>			<i>Problem Solving</i>				<i>Accountability</i>			Bobot
	A	B	C	D	E	F	G	H	I	J	
A	1	0,33	2	3	5	8	0,5	5	7	4	35,83
B	3	1	4	4	7	8	2	7	9	7	52,00
C	0,5	0,25	1	2	4	7	0,5	5	7	4	31,25
D	0,33	0,25	0,5	1	3	5	0,25	4	8	2	24,33
E	0,2	0,14	0,25	0,33	1	2	0,2	0,33	5	0,17	9,63
F	0,13	0,13	0,14	0,2	0,5	1	0,13	0,2	2	0,2	4,62
G	2	0,5	2	4	5	8	1	5	9	6	42,50
H	0,2	0,14	0,2	0,25	3	5	0,2	1	4	0,5	14,49
I	0,14	0,11	0,14	0,13	0,2	0,5	0,11	0,25	1	0,2	2,78
J	0,25	0,14	0,25	0,5	6	5	0,17	2	5	1	20,31
Total Bobot											237,75

The following are the steps in calculating the compensable factor weighting: The owner compares the compensable factor one with the compensable factor two, and assigns a weight based on the level of importance. And so on.

After the weights in all columns, add up the weights of each compensable factor. Determination of Factor Point Value and Job Value

The next step is to assign a value or points to the factor in each position which shows how important the factor must be for each position. Then determine the Job Value for each position. The following are the steps in the preparation of Job Value:

Give a value to the factors for each position, the value is based on the level of importance of the factors for the job. Make sure the levels cover all positions in a position from the highest position to the lowest position.

After determining the value for each position, multiply each factor point value and the weight obtained in the previous AHP method. Then the job value is obtained for each position.

Sort the job titles from the highest job value level to the lowest level.

Table 3
Factor Point Value

<i>Job title</i>	<i>C. factor</i>	<i>Know How</i>			<i>Problem Solving</i>				<i>Accountability</i>		
		A	B	C	D	E	F	G	H	I	J
Manajer		4	4	4	5	5	1	6	1	5	4
Financial Controller		4	3	3	4	4	2	3	1	4	4
Sales Supervisor		3	2	5	4	4	2	5	2	4	3
Mechanical Supervisor		3	3	3	4	4	3	3	3	4	3
Staff administrasi		3	2	3	3	3	2	3	1	2	2
Staff service/ montir (5)		3	2	2	3	3	4	2	4	2	3
Staff sparepart (2)		3	2	2	3	3	4	2	4	2	3
Salesman (3)		3	1	4	3	3	2	5	2	3	2
Counter sales (2)		3	1	4	2	3	2	5	2	3	2
Kasir		2	1	3	2	1	2	3	1	2	1
Driver (2)		1	2	1	1	1	2	1	3	1	1

Table 4
Job Value

<i>Job title</i>	$\Sigma N \times B$ (<i>Job Value</i>)	Jumlah Orang	Total Point	<i>Given</i>		<i>Grade Given</i>
Manajer	1033	1	1033	891	1033	V
<i>Sales Supervisor</i>	844	1	844			
<i>Financial Controller</i>	773	1	773			
<i>Mechanical Supervisor</i>	768	1	768	749	891	IV
<i>Salesman</i>	704	3	2111			
<i>Counter sales</i>	679	2	1359			
<i>Staff administrasi</i>	605	1	605			
<i>Staff spare part</i>	586	2	1173			
<i>Staff service/ montir</i>	586	5	2931	607	749	III
Kasir	470	1	470	465	607	II
<i>Driver</i>	323	2	647	323	465	I

2. Planning Job Grading

In this study, we used the method given grade. The calculation method is to reduce the total weight value of the highest position with the lowest, then divided by the number of existing grades, which is five. This division is based on the hierarchical level in the company, so we get a range for the interval of each grade.

Here are the steps to get the job grading above:

1. Calculating the interval at each given grade by calculating the difference between the job values highest and lowest and then dividing by the number of grades to be made.

$$= \text{value Job } [(\text{The highest Job value} - \text{lowest}) / 5]$$

$$= [(1033 - 323) / 5]$$

$$= 142$$

2. To obtain the upper limit of Given I, the job value is lowest added to the interval given grade that has been obtained previously.

$$= 323 + 142$$

$$= 465$$
3. The upper limit of Given I is used as the lower limit of Given II. Then if added to the interval given grade it will produce the upper limit of Grade II. And so on until a obtained Given grade is VI with an interval Given between 891 to 1033. So that 5 positions are obtained as follows:

Table 5
Job Grading

<i>Job title</i>	$\Sigma N \times B$ (<i>Job Value</i>)	<i>Given</i>	<i>Grade Given</i>
Manajer	1033	891 1033	V
<i>Sales Supervisor</i>	844		
<i>Financial Controller</i>	773		
<i>Mechanical Supervisor</i>	768	749 891	IV
<i>Salesman</i>	704		
<i>Counter sales</i>	679		
<i>Staff administrasi</i>	605		
<i>Staff spare part</i>	586		
<i>Staff service/ montir</i>	586	607 749	III
Kasir	470	465 607	II
<i>Driver</i>	323	323 465	I

3. XYZ Company's Salary Mapping Using the Method Adhered

The compensation system currently applied by XYZ Company can be analyzed further by using Salary Mapping based on position.

Based on Table 6 below, the following results are obtained:

- Grade V (Manager), the salary given is not ideal (X).
- Grade IV (Sales SPV, Financial Controller, Mechanical SPV), the salary given is not ideal (X).
- Grade III (Counter Sales, Service Staff, Staff Administration, Spare Part Staff, Salesman), the salary given is ideal (V).
- Grade II (Cashier), the salary given is not ideal (X)

From these results it can be concluded that the compensation system in the form of salary at XYZ company is

still not ideal because of the irregular spread value from one position level to another. Irregularities can be seen on the spreads in Grade I and Grade II value spread-itsno increases, ie both 0%.

The next discrepancy is seen in Mid to Mid in Grades II, IV, and V which is larger than the spread. On the basis of these things, it can be said that the compensation system in XYZ company is less than ideal. This shows that internal justice has not been created in the company.

Table 6
Salary Mapping Initial

Grade	Total Person	Total Salary	Actual					Ket.
			Min	Average	Max	Mid to Mid	Spread	
V	1	Rp6,500,000	Rp6,500,000	Rp6,500,000	Rp6,500,000	44.44%	0.00%	X
IV	3	Rp13,500,000	Rp4,000,000	Rp4,500,000	Rp5,000,000	105.26%	25.00%	X
III	13	Rp28,500,000	Rp2,000,000	Rp2,192,308	Rp2,800,000	15.38%	40.00%	V
II	1	Rp1,900,000	Rp1,900,000	Rp1,900,000	Rp1,900,000	5.56%	0.00%	X
I	2	Rp3,600,000	Rp1,800,000	Rp1,800,000	Rp1,800,000		0.00%	
Total	20	Rp54,000,000						

Tabel 7
Salary Mapping Metode Adhered

Grade	Total Persons	Total Salary	New Salary Structure			Increase & Spread	
			Min	Midpoint	Maximum	Mid to Mid	Spread
V	1	Rp6,500,000	Rp5,002,500	Rp6,253,125	Rp7,503,750	47.96%	50%
IV	3	Rp13,500,000	Rp3,450,000	Rp4,226,250	Rp5,002,500	36.11%	45%
III	13	Rp38,916,000	Rp2,760,000	Rp3,105,000	Rp3,450,000	22.73%	25%
III	1	Rp2,300,000	Rp2,300,000	Rp2,530,000	Rp2,760,000	17.67%	20%
I	2	Rp4,000,000	Rp2,000,000	Rp2,150,000	Rp2,300,000		15%
Total	20	Rp65,216,000					

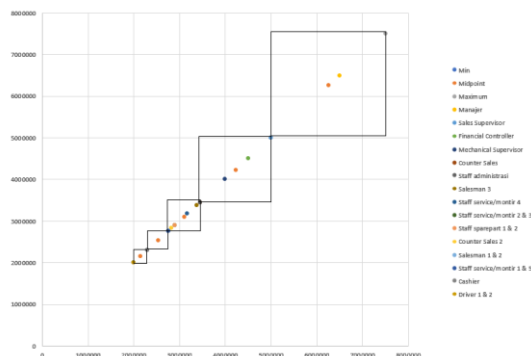


Figure 1
Illustration of Compensation System adhered to (coincide)

After we know the results of the *salary mapping* using the actual salary or the actual salary, it turns out that the compensation conditions applied are not

ideal and improvements are needed using themethod *Adhered* .

Table 7 is a compensation arrangement using the Adhered method, according to the data in the table, the

spread in operations is around 10-50% and the spread level increases according to the position held.

After reforming the salary, the ideal compensation system is obtained. It can be seen from *mid to mid* each *grade is* always smaller than the *spread*. In addition, the difference in the interval or distance obtained is not too far and is in accordance with the provisions of the interval or distance that has been determined.

4. XYZ Company Salary Mapping Using the Method *Overlapping*

In making salary adjustments at XYZ company, in addition to using the method *Adhered*, it can also be done using the method *overlapping*. The most striking difference from the method *Adhered* is that the maximum value of the previous class can be greater than the minimum value of the next class.

Table 8 below is a compensation using the method *fix Overlapping*. Here are the steps in making salary adjustments by way of *Overlapping*.

1. Determine the minimum salary for positions in Grade I.

$$= [\text{Mid Point Grade I} / (1 + 0.5 * \text{Spread})]$$

$$= [\text{Rp}2.150.000 / (1 + 0.5 * 20\%)]$$

$$= \text{Rp. } 1,911,111.91$$

2. Determine the maximum salary in Grade I with the formula [minimum salary + (minimum salary * spread)]
3. The mid point value in the method *Overlapping* directly filled in without giving a value to the minimum and maximum columns first. In determining the value of the mid point, the company adjusts its ability to
4. determine *mid to mid* with the formula [(Mid point on the line – Mid point of the previous line) / Mid point of the previous line].
5. Determine the minimum salary column in the *Grade* above with the formula [Mid point / (1 + (0.5 * spread on that row))].
6. Determine the maximum salary column with the formula [Minimum + (Minimum * Spread on that row)].

Table 8
Salary Mapping Method *Overlapping*

Grade	Total Persons	Total Salary	New Salary Structure			Increase & Spread	
			Min	Midpoint	Maximum	Mid to Mid	Spread
V	1	Rp6,500,000	Rp5,200,000	Rp6,500,000	Rp7,800,000	44.44%	50%
IV	3	Rp13,826,531	Rp3,673,469	Rp4,500,000	Rp5,326,531	40.63%	45%
III	13	Rp38,000,000	Rp2,666,667	Rp3,200,000	Rp3,733,333	16.58%	40%
III	1	Rp2,386,957	Rp2,386,957	Rp2,745,000	Rp3,103,043	27.67%	30%
I	2	Rp3,822,222	Rp1,911,111	Rp2,150,000	Rp2,388,889		25%
Total	20	Rp64,535,709					

After reforming the salary, the ideal compensation system is obtained. It can be seen that from mid to mid each grade is always smaller than the spread. In addition, the difference in the interval or distance obtained is not too far and is in accordance with the provisions of the interval or distance that has been determined.

5. Managerial Implications

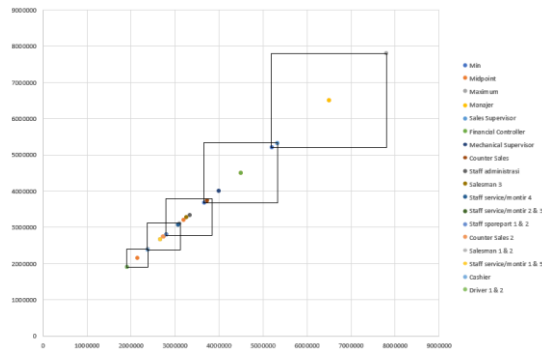


Figure 2. Illustration of the Compensation System Overlapping (Overlapping)

Based on the salary improvement using the adhered method, there is a difference between the actual salary at XYZ company and the adhered salary. The total principal is Rp. 54,000,000 and the total new salary based on the adhered method is Rp. 65,216,000. So the difference between the existing salary and the newly adhered salary is (Rp 11,216,000). Likewise, with the improvement of the salary overlapping method, there is a difference between the actual salary at company XYZ and the overlapping salary. The total actual salary is Rp. 54,000,000 and the total new salary based on the overlapping method is Rp. 64,535,709. So the difference between the actual salary and the overlapping salary is (Rp 10,535,709). Therefore, the recommended payroll method in calculating salaries is the method overlapping because it is considered more cost effective than the payroll method adhered.

Based on the discussion of the payroll system, company XYZ can increase salaries that are in an under paid condition and reduce or limit the salaries of employees who are in an overpaid condition. This is done so that the amount of salary issued with the value of the job or position is in accordance with the principle of internal justice.

Conclusion

Based on the results of research and analysis that have been carried out and described previously, the following conclusions can be drawn:

1. Company XYZ did not have a salary structure from the start, so by using job grading, salary classification was improved, so that 5 obtained grades were in the salary structure. The highest group (grade 5) is only filled by managers. At grade 4 filled by supervisors in the field of sales, financial, and mechanical. In the grade third filled by the staff, the staff counter sales, administration, salesman, service/ repair, and spare parts. In grade 2 only filled cashiers are, and grade 1 is only filled by drivers.
2. Based on the results of preparation compensable factor, the factors that determine the wages of employees XYZ company are education, experience, communication, analysis and problem solving, freedom of action, working conditions, customer service orientation,

physical effort, responsibility for materials and products, and building relationships.

3. After analyzing and evaluating the payroll system, it is found that the salary mapping most effective method is the method overlapping. The main reason for choosing the method is overlapping because the portion of the additional salary issued will be smaller than the method adhered and meet the budget policy set by the company owner. If the method is applied, adhered there will be an cost additional of funds for salaries of Rp. 11,216,000, which means an increase of 20.77%, while the method overlapping for additional funds for salaries is only Rp. 10,535,709, which means an increase of 19.51%.

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