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Implementation of Compensation in State-Owned Enterprises in Samarinda City (Case Study of DAMRI General Company)

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Abstract: Companies must enhance the welfare of their employees to ensure they feel safe and comfortable in their work environments, thereby enabling them to contribute maximally. One effective method for improving employee welfare is through compensation. The objective of this study is to examine the implementation of compensation in State-Owned Enterprises located in Samarinda City. This research employs a qualitative approach. The findings indicate that compensation has a positive and significant effect on the work productivity of employees at Perum DAMRI. Furthermore, an increase in work motivation contributes to heightened job satisfaction among employees. The incentives provided by the company motivate employees to perform optimally in pursuit of organizational goals. Both direct and indirect compensation positively influence job satisfaction. Direct compensation includes periodic salaries, while indirect compensation encompasses benefits such as insurance, health coverage, and pension severance pay. Perum DAMRI in Samarinda offers equitable compensation without discrimination between office and field workers, taking into account factors such as length of service and performance.

Keywords: compensation, and DAMRI Public Company

INTRODUCTION

Every established company must have targets to achieve, whether on a daily, monthly, or annual basis. This principle also applies to the DAMRI Public Company, which is involved in the transportation of passengers and goods on land using bus vehicles. The DAMRI Public Company has specific daily, monthly, and annual targets that must be met. The attainment of these targets is inextricably linked to the crucial role of human resources (Nurhayati, 2024). Human resources have an important role in determining the success and sustainability of a company. Although technology, capital and raw materials are available, without effective human resources, the company will have difficulty in achieving its goals. Therefore, companies need to improve the welfare of their employees so that they feel safe and comfortable at work, and can make maximum contributions. One way to improve employee welfare is through compensation. Providing the right compensation will have a positive effect on employees,

because it cannot be denied that compensation is the main goal for most employees who work in a company. (Zunaidah et al., 2020).

Compensation is given to increase employee productivity. When companies understand and pay attention to the needs of employees who basically work to get financial rewards in the form of wages, employees will be more motivated and responsible for their work. Although everyone who joins the company brings their own interests and goals, compensation remains one of the important factors. For some employees, financial benefits may be the main motivation to work. But for others, compensation is only one of many needs that can be fulfilled through work, such as achieving personal goals. Thus, a wise company not only pays attention to financial aspects, but also provides a work environment that supports the various needs of employees so as to maximize productivity and job satisfaction. (Oktaria et al., 2012). According to Handoko (2001) in a research journal (Kenelak et al., 2016)with the research title *The Effect of Compensation on Employee Performance at Baliem Arabica Multipurpose Cooperative in Jayawijay Regency The presence of compensation,* explains the purpose of providing compensation, among others; (1) For Labor. Providing compensation provides both financial and non-financial benefits for labor. By getting a higher wage, employees will be encouraged to improve their standard of living and try to get better compensation. In addition, compensation also motivates employees to develop themselves, analyze their work well, and improve their skills and proficiency; (2) For the Company. The purpose of providing compensation for the company is to increase employee satisfaction and work productivity. It also motivates employees to work with more enthusiasm, discipline, and efficiency.

According to Flippo in his book *Principle Of Personal Management,* compensation is the price for services received or provided by others for the benefit of a person or legal entity. Meanwhile, according to Dessler in his book Human Resource Management, compensation is any form of payment or reward given to employees and arising from the employee's work. (Karuniawati, 2021). Compensation is everything that employees receive in return for cooperation, and compensation itself can be divided into two, namely direct and indirect compensation . In addition, direct compensation is a reward for services to employees who are received directly and routinely because they have contributed to achieving the goals of the company. Providing the right compensation will have a positive impact on employees because it cannot be denied that compensation is the main goal for most employees working in the company.

One of the State-Owned Enterprises (SOE) companies is the DAMRI Public Company which has the task of organizing public transportation for passengers and goods. Damri Public Company is known by the public with its distinctive blue color and relatively cheaper bus ticket prices compared to other bus tickets. Perum DAMRI Company provides compensation to employees to increase morale, work bonds, and job stability. DAMRI bus is a company engaged in transportation services. However, in providing compensation there are still obstacles at Perum DAMRI. If compensation cannot be managed properly, this can bear the course of the business, such as decreased employee motivation, low productivity, and increased employee turnover rates. Therefore, proper compensation management is very important to maintain the stability and sustainability of the company's operations. (Ekonomi et al., 2020).

In line with research (Herawati et al., 2021) with the title The Effect of Compensation on Employee Performance of the Human Resources Division at PT Bhumyamca Sekawab South Jakarta explains that there is a very strong and positive relationship between compensation and the performance of employees of the human resources division at PT Bhumyamca Sekawan South Jakarta. Based on the calculation of the coefficient of determination test, the employee performance variable is influenced by compensation by 93% while the remaining 7% is influenced by other factors. So the direction of the relationship between compensation and performance is positive, which means in the same direction. Then research Darma et al., (2019)

explained in his research entitled "Compensation Factors and Gojek's Strategy in Increasing Driver Job Satisfaction" that the application of compensation in increasing the job satisfaction of gojek drivers with a trip and bonus system, a trip system with a 20% cut for the company, then compensation in the form of bonus points where every close poit gets an additional bonus, the company also applies a daily bonus. However, this study also has inhibiting factors in the implementation of compensation (bonuses) and gojek strategies in increasing the job satisfaction of gojek drivers, namely rejection or protests from the drivers to the company regarding the rating system while the supporting factors are economic and welfare improvements and reducing unemployment. The real benefits of Gojek's compensation factors and strategies in increasing Gojek driver job satisfaction where compensation policies and strategies to increase customer satisfaction have a good impact or benefit both for drivers and companies.

This research is based on the theory of motivation, which in this study uses the theory of motivation according to Abraham Maslow, which states that every human being has needs (needs) which include intrinsic and extrinsic factors with their appearance depending on individual interests. Based on this, Maslow (Siagian 1996: 149) developed the *needs hierarchy theory* to explain the level of human needs.(Gunawan, 2017). Based on the background description above, according to the researcher, this problem is important to be explored in a study, because in addition to knowing how the application of compensation in the DAMRI public company will also help provide recommendations so that later public services can be even better carried out by the Samarinda City DAMRI Public Company. This research is useful for the government regarding efforts to equalize compensation for employees of the DAMRI General Company of Samarinda City. For this reason, the researcher took the title "Implementation of Compensation at State-Owned Enterprises in Samarinda City (Case Study of DAMRI General Company)"

METHODS

This research uses a qualitative approach to examine the role of compensation at Pemur Damri in Samarinda City. Qualitative research aims to understand the phenomena experienced by research subjects, such as actors, perceptions, motivations, actions, and others holistically. This research is presented descriptively in the form of words and language by paying attention to the special natural context and utilizing various scientific methods. (Rita Fiantika et al., 2022).. By utilizing interview, observation, and document study methods, this research aims to explain phenomena or events that arise in a real context. Observations are conducted to collect data or information directly through certain objects or phenomena, while interviews are conducted to obtain information directly from sources through questions and answers, in this study the sources are employees of the DAMRI General Company, labor unions, and finance managers to collect in-depth views on the application of compensation. Related documents are used to support the research by providing accurate, objective, and detailed data or information about the application of compensation.

Data analysis techniques include reduction, data presentation and conclusion verification. Data collected through field notes, interviews and document studies will be reduced to eliminate irrelevant data. Data presentation is done using tables or graphs to facilitate understanding, while verification is done to ensure the truth of the data through triangulation and other methods. This approach ensures that the research results not only describe the results, but also include the context, meaning, and complexity of the phenomenon under study.

RESULTS AND DISCUSSION

In Perum DAMRI, the term used for compensation is "pasangon". First of all, it needs to be explained that the status of workers at Perum DAMRI is not as employees, but employees.

Employees here have an identity in the form of an Employee Identification Number, not an Employee Identification Number. This employee number is used by private companies and government agencies. The compensation provided is as follows:

Direct Compensation

Direct compensation is compensation received by employees who have a direct relationship with work, namely, in the form of salaries and incentive wages. Direct compensation is a right for employees and is the company's obligation to pay it. This compensation is given to motivate employees to devote themselves and do their best for the company. (Zulkarnaen et al., 2018).

Based on the data or research results, DAMRI Public Company has fulfilled employee rights by providing periodic salaries every month. This salary is included in the category of direct financial compensation which is a form of compensation received by employees in cash in exchange for work performed. This direct financial compensation which includes basic salaries, wages, and incentives is both fixed and non-fixed. In this case, it can be concluded that DAMRI Public Company has followed the basic principles of compensation, namely providing motivation to employees through appropriate rewards. Providing salaries on time and in accordance with the provisions shows that DAMRI Public Company understands the importance of the role of compensation by increasing work motivation, productivity, and employee health. Good compensation does not only aim to fulfill employees' financial needs.

In addition, the steps taken by DAMRI Public Company can be used as an example for other companies in terms of human resource management where attention to the rights of employees and their welfare is one of the main keys to creating a stable, productive, and quality work environment. Effective human resource management, as demonstrated by DAMRI General Company, is essential in maintaining company peace and maintaining good relations between employees and management. This is a practice that should be emulated by other companies in order to achieve long-term success and stability.

Indirect Compensation

According to Nawawi, indirect compensation is a reward program for employees as part of the company's profits. Meanwhile, according to Notoadmojo, indirect compensation is also called complementary compensation because it serves to complement the compensation received by employees through wages or salaries. Therefore, indirect compensation is a type of compensation given to employees in a form other than direct salary or wages. This compensation is usually in the form of benefits or facilities that aim to improve employee welfare without being given in cash directly. (Marlin et al., 2016).

Based on the results of interviews conducted, there is often a misunderstanding when someone says that DAMRI Public Company is a State-Owned Enterprise. This statement is true, but it needs to be explained that the capital of DAMRI Public Company comes from 50% owned by the government and 50% owned by the private sector. Therefore, the status of workers in DAMRI Public Company is employees, not employees. When someone is appointed as an employee at DAMRI, they will work until they reach retirement age and are entitled to severance pay from the company.

Based on the results of these interviews, researchers can conclude that Perum DAMRI provides compensation in the form of severance pay which is included in the indirect compensation category because Perum DAMRI provides benefits to its employees where benefits are rewards given indirectly to employees as members of a company, which includes insurance, health insurance, payment of working holidays, and pensions.

Then from the results of the interview, the amount of severance pay given by the company to employees who have completed their working period or entered retirement is seen based on two factors, namely:

1. Length of Service

The period of employment at DAMRI Public Company refers to the period of time employees work for the company, starting from the time they are appointed as employees until the end of the employment relationship, either due to retirement, resignation or other causes. During the working period, employees are obliged to carry out their duties and responsibilities in accordance with their roles and positions. In return for their contributions, the company provides employee rights, including salaries, allowances, and compensation such as severance pay when the employee's tenure with DAMRI Public Company ends. The working period regulations at DAMRI Public Company have been set in accordance with the collective agreement between the company and the DAMRI Employees Union.

Based on the explanation above, it can be concluded that the working period at DAMRI Public Company covers the period from the time the employee is appointed until the end of the employment relationship, either through retirement, resignation or other causes. During the working period, employees are obliged to carry out the duties and responsibilities that have been given, while the company provides rights such as salary, benefits, and severance pay. The rules of the working period at DAMRI Public Company have been mutually agreed upon between the company and the DAMRI Employees Union.

2. Based on Load Factor / Passenger Load Factor

The load factor has its own calculation formula based on the rules set by the company. The rules are compiled based on mutual agreement with the DAMRI Employees Union (SKARDA). Therefore, the rules are not entirely made by the DAMRI company itself, but the result of various stages involving negotiations with the DAMRI Employees Union. After the employee receives severance pay, the employee no longer receives a salary because the working period has ended or they have entered retirement.

Based on the results of the interviews conducted, the researcher can draw the conclusion that the main purpose of providing compensation is to strengthen the bond of cooperation or as part of the agreed work contract. In this case, compensation includes various forms of rewards, including severance pay that employees of DAMRI General Company are entitled to after their employment period ends. The employment contract that has been made between employees and the company regulates the obligations of each party where employees are obliged to carry out their duties and responsibilities as well as possible in accordance with applicable regulations. On the other hand, the company as an employer has an obligation to provide proper compensation and in accordance with the agreement that has been mutually agreed upon. When the employee's working period has expired or the employee enters retirement, the company is obliged to provide severance pay as a form of appreciation for the contribution and dedication that has been given during the working period. The process of providing severance pay has been clearly regulated in company regulations and in accordance with an agreement involving the DAMRI Employees Union, so that employee rights remain protected and the DAMRI General Company can carry out its obligations with fairness and transparency.

Severance pay given to employees both those who work in the office and those who work in the field has the same amount. In compensation, the principles of fairness and appropriateness must be upheld, and comply with applicable labor laws. The principles of fairness and appropriateness must be the main concern so that the amount of compensation paid can increase employee morale and job satisfaction. Thus it can be concluded that the

DAMRI Public Company has applied the principle of fair compensation in providing severance pay to its employees without distinguishing work locations, both in the office and in the field.

However, the amount of severance pay will still be affected by the length of service and the calculation of the load factor. For example, if we calculate severance pay for the Finance Manager of DAMRI General Company who started working in 1996 and is still active until 2023, with a total service period of 27 years, the results will be different from other employees who have only 10 years of service. The difference in length of service will result in different severance pay calculations, because in addition to length of service, class factors also affect the amount of severance pay. As another example, an employee with 10 years of service but is in group two will receive different severance pay compared to other employees who also have 10 years of service but are in group three. Thus, the amount of severance pay depends on the length of service and the class of each employee.

From the explanation above, we already know that although the severance pay or pension given to employees who work in the office and employees who work in the field has the same nominal, meaning that there is no difference in the provision of severance pay between employees who work in the office and employees who work in the field, the calculation is still based on the length of service and performance of each employee who works at the DAMRI General Company. These factors cause differences in the amount of severance pay because everything is calculated using a table that has been approved by Perum DAMRI. In the world of work, employees must have different opinions about a policy. Some agree and some disagree depending on the perceptions and attitudes taken by the employee. This is often related to the level of job satisfaction. In this context, compensation or severance pay is a form of reward given to employees whose working period has ended, resigned, or been terminated due to certain conditions.

The company has provided an explanation regarding the class of employees that will increase gradually. If an employee with 10 years of service resigns before retirement, the calculation of his/her rights will be different and is included in the table. The table lists years of service ranging from 0 to 30 years. For example, a finance manager at DAMRI Public Company who has worked for 27 years and will retire in 3 years, will have a different calculation compared to an employee who has only worked 10 years. The company uses a table that covers tier 1 to tier 4 with 0 to 30 years of service. The values in the table are used to calculate the "load factor" where the child's base salary is controlled by the employee's length of service.

Based on the explanation above, DAMRI General Company has provided a clear understanding to each employee regarding the agreement and employment contract before they join. With the aim of avoiding dissatisfaction from employees regarding the rights that have been mutually agreed between the company and employees. DAMRI General Company has also explained in detail about the class, length of service, and calculation of load factors applied in the work system. With a clear agreement and system, DAMRI General Company has been running well, without any complaints from employees.

CONCLUSIONS

The results indicated that compensation has a positive and significant effect on the work productivity of employees at the DAMRI Public Company. Additionally, increased work motivation contributes to enhanced job satisfaction among employees. The incentives provided by the company motivate employees to perform optimally in achieving organizational goals. Both direct and indirect compensation positively influence job satisfaction. Direct compensation encompasses periodic salaries, while indirect compensation includes benefits such as insurance, health coverage, and retirement benefits. The DAMRI Public Company in Samarinda offers equitable compensation without distinction between

office and field workers, considering factors such as length of service and performance. Severance pay is also provided to employees who retire, resign, or are terminated, serving as a form of appreciation.

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