



Analysis of Compensation Management in Improving Employee Performance at PT Alpha Austenite Cileungsi Bogor

Gunung Subagyo Anom Haryoso^{1*}, Nandito Eka Alazi², Angga Pratama³

Universitas Pamulang

Corresponding Author: Gunung Subagyo Anom Haryoso

dosen00501@unpam.ac.id

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ABSTRACT

This research is entitled "Analysis of Compensation Management in PT Alpha Austenite Cileungsi, Bogor" which aims to find out the compensation system implemented in the company, assess its conformity with the principles of fairness and feasibility, and analyze its impact on employee motivation and productivity. The method used in this study is a qualitative descriptive method, with data collection techniques through direct observation, interviews with human resources development, company documentation, and literature studies. The object of the research is the compensation management system at PT Alpha Austenite, which is a metal manufacturing company in the Menara Permai industrial estate, Cileungsi, Bogor. The results of the study show that the compensation system at PT Alpha Austenite consists of direct compensation (basic salary, benefits, bonuses, and incentives) and indirect compensation (work facilities and training). In general, companies have applied the principles of internal and external fairness in the preparation of compensation. The impact of the compensation system implemented shows an increase in work motivation, loyalty, and commitment of most employees. The conclusion of this study is that the compensation system at PT Alpha Austenite is quite good, but there is a need for improvement in terms of transparency, periodic evaluation, and communication between management and employees. With the right improvements, the compensation system is expected to be able to increase employee motivation and productivity more optimally

INTRODUCTION

Management is the process of planning, managing, organizing, and controlling various resources to achieve company goals. Management is also included in human resource supervision and coordination activities to ensure that planning runs effectively and efficiently. Some aspects that can support the success of a company are:

1. Mature strategy planning
2. Selection of quality tub materials
3. Selection of the right market share

However, all of that will not run smoothly if the company forgets one of the most important aspects in the success of a company, namely the existence of qualified human resources. Human resources are one of the important factors that must be considered by the company because with good human resources a company will grow. Not only human resources with good performance of each individual, but human resources must also be competent with the tasks given by the company so that they are right on target according to what the company has planned.

To maintain the human resources it already has, of course, the company needs to have something so that employees can continue to work optimally in carrying out their work. One of the things that can make employees or workers continue to be consistent in working well is the provision of appropriate compensation by the company. Compensation is a reward or return for services provided by a company to an employee or worker for the work he has performed.

Compensation is all income in the form of money, direct or indirect goods that employees receive in exchange for services given to the company. If the compensation recipient is compliant but the employee's performance has not been maximized, then the company sets fixed work regulations so that the company's goals can be achieved.

Compensation has many meanings with the same purpose and purpose, namely about reciprocity, rewards, substitutes for contributions and awards in financial and non-financial forms for work that has been completed. By providing compensation that is in accordance with the workload, the company has expectations for its employees to show a level of loyalty in advancing the company. Compensation is also an important factor in influencing an employee's perception of working for a company.

Compensation is important, which can motivate employees to work. Where employees pour all their skills, creativity, energy and time not solely to devote themselves to the company but expect a return or reward for their work in the company. The determination of compensation in companies varies, and it is determined by several factors as well as how much the company is able to compensate its employees. Compensation is also determined based on the agreement between the company and the recipient/employee.

From the company's point of view compensation is part of the cost of production, the use of costs must also be used efficiently in order to make a profit. So companies tend to minimize the use of these expenses. Meanwhile, compensation from the employee's point of view is the main income to meet the daily needs of each of these employees. So that employees will ensure whether

the income/rewards they receive are given consistently or not. The effect of self-compensation can be felt differently by each employee who receives it. Starting with employees who are satisfied with what their company provides, employees who are dissatisfied because the compensation provided by the company is considered insufficient and inappropriate and various other effects. The compensation provided by the company is not only given in the form of money, the company can also compensate employees in the form of supporting facilities such as vehicles, leave, health, lunch and so on.

PT Alpha Austenite is a subsidiary of PT Tira Austenite which was established in 1979. The company manufactures bronze casting, continuous cast, centrifugal cast, and sand cast, as well as maintenance electrodes. PT Alpha Austenite's factory is located in the Menara Permai Industrial Estate, Cileungsi, Bogor. PT Alpha Austenite is an example of a company that relies on the quality of human resources to support production activities. In the face of industry challenges, companies need to implement compensation systems that can boost employee performance, create job satisfaction, and increase loyalty to the company. In some other companies, the implementation of compensation systems often faces various obstacles, such as mismatches between workload and rewards, lack of transparency in performance appraisals, and limitations in the incentive system applied. This can cause dissatisfaction, decrease work morale, and even increase employee turnover.

LITERATURE REVIEW

1. Veithzal Rivai (2014) According to Rivai, compensation is a form of reward that the company gives to employees in exchange for their contributions. Fair and transparent compensation will encourage better work motivation, loyalty, and performance. On the other hand, injustice in compensation can lead to dissatisfaction and reduce work productivity. Compensation is all income in the form of money, direct or indirect goods that employees receive in return for services provided to the company, Hasibuan (2017).
2. Sunarto (2016) Sunarto stated that employee loyalty is influenced by the sense of appreciation and rewards given fairly and consistently. A good compensation system can reduce turnover rates and increase long-term morale.
3. Mangkunegara (2015) Performance is the result of work both in terms of quality and quantity, which is influenced by ability and motivation to work. Employee motivation is greatly influenced by compensation factors, both in financial and non-financial form.

Performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him, Mangkunegara (2015)

"Performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given." (Pratama & Febriana, 2023:48)

METHODOLOGY

In this study, a descriptive data analysis method was used. The data collected is in the form of words, pictures, and not numbers. The data may come from interview transcripts, field notes, photographs, videotapes, personal documents, notes or memos, and other documents. The author uses a qualitative descriptive method, namely by finalizing the comprehensive data obtained from the results of systematic observation and interviews to describe the conditions of compensation management at PT Alpha Austenite, Cileungsi, Bogor so that the author can process data and present systematic data.

In one study, the subject of this research was Human Resources PT Alpha Austenite. The source of data from this study is Human Resources PT Alpha Austenite as the informant and responder. The data collection technique from this study is to conduct direct interviews with Human Resources and use a study of books and literature and records related to the analysis carried out.

In this study, the data collection method was carried out with a qualitative approach that aimed to obtain in-depth information about compensation management at PT Alpha Austenite, Cileungsi, Bogor. The data collection techniques used are as follows:

1. Observation

The author conducted direct observations of the work environment of PT Alpha Austenite to observe the compensation management that was running, as well as how the system was implemented and accepted by employees.

2. Interview

The interview technique was carried out directly to several informants to obtain more in-depth information related to the compensation management implemented by the company.

3. Documentation

Documentation data is collected from various relevant documents as well as other supporting documents. This documentation is used to strengthen the data from observations and interviews.

4. Literature Study

Literature studies are conducted by reviewing various literature, scientific journals, reference books, and other written sources relevant to the topic of compensation management. The purpose of this literature study is to obtain a theoretical foundation.

RESULTS AND DISCUSSION

To obtain data and information in the context of the preparation of this comprehensive final project, the author took the object of research at PT Alpha Austenite, a metal manufacturing company located in the menara permai industrial area, Cileungsi, Bogor.

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Analysis Results

An analysis of the compensation management system at PT Alpha Austenite was carried out to find out the extent to which the compensation provided can affect employee motivation and performance. Data was obtained through direct observation, interviews with Human Resources, and internal documentation company. The results of the analysis include supporting theories from experts, employee opinions through interviews, and situation mapping using SWOT analysis.

Expert Theory

To support this analysis, several theories from human resource management experts in Indonesia were used, including:

- a) Veithzal Rivai (2014) According to Rivai, compensation is a form of reward that the company gives to employees in exchange for their contributions. Fair and transparent compensation will encourage better work motivation, loyalty, and performance. On the other hand, injustice in compensation can lead to dissatisfaction and reduce work productivity.
- b) Sunarto (2016) Sunarto stated that employee loyalty is influenced by the sense of appreciation and rewards given fairly and consistently. A good compensation system can reduce turnover rates and increase long-term morale.
- c) Mangkunegara (2015) Performance is the result of work both in terms of quality and quantity, which is influenced by ability and motivation to work. Employee motivation is greatly influenced by compensation factors, both in financial and non-financial form.

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Interview Results

The interview was conducted with a resource person from the Human Resources section of PT Alpha Austenite, namely Mr. Ari Putro Utomo, S.M., in May 2025. This interview aims to obtain in-depth information about the compensation management system, the principle of fairness, and its influence on employee performance.

1. How is the compensation management system implemented at PT Alpha Austenite?

PT Alpha Austenite implements compensation management in two main forms, namely financial and non-financial compensation. Financial compensation consists of:

- a. Basic Salary, which is determined based on position or position, education level, working period, and job responsibilities. The basic salary is given regularly every month and is the main component of employee income.
- b. Fixed Allowances, such as meals, transportation, and attendance allowances provided to support the basic daily needs of employees.
- c. Performance and Overtime incentives, which are given to employees based on the achievement of certain work targets, as well as additional wages for overtime outside normal working hours.
- d. Annual Bonus, which is awarded based on the company's overall performance and individual contributions.
- e. Gold Bonus, this gold bonus is given for a minimum service period of 10 years in the form of 5 grams of gold and will be added 5 grams every 5 years. For example, the 10-year service period will get 5 grams of gold, then in the 15-year service period will be added another 5 grams to 10 grams, in the 20th year of the service period will get an additional 5 grams to 15 grams, and so on.

In addition, the company also provides non-financial compensation in the form of major leave, namely 20 days of leave which is given in multiples of 6 years of service and will be forfeited if not used for the next 6 years, monthly payment coverage of BPJS health and BPJS employment (family card if you have a family), work facilities such as personal protective equipment (PPE), a relatively safe and comfortable work environment, as well as employee training and development programs on a limited scale.

2. Is the existing compensation management in accordance with the principles of fairness, eligibility, and employee performance?

The implementation of compensation management at PT Alpha Austenite in general has taken into account the principles of internal and external justice. Internal justice can be seen from the existence of a salary structure based on

position level, seniority, and work responsibilities. Meanwhile, external justice is sought by adjusting the compensation scheme to the Bogor UMR standard and benchmarking with similar manufacturing companies in the surrounding industrial area.

However, in Practice there are Still some Challenges:

- a. Some employees reveal that performance incentives do not fully reflect the workload they are carrying, especially in production parts that have high physical demands.
- b. The lack of transparency in performance appraisals, which makes some employees feel they are not getting the reward they deserve, fuels a sense of dissatisfaction even though they are nominally adequately compensated.

The company's human resources said that currently management is trying to improve the work appraisal system and open two-way communication channels so that employee complaints and aspirations can be followed up better.

3. How does compensation management impact employee motivation and productivity at PT Alpha Austenite?

The compensation management implemented has a significant influence on employee morale and loyalty. Some of the positive impacts found include:

- a. Increased work motivation, especially when employees receive incentives or bonuses for achieving production targets. This triggers higher morale and encourages a competitive yet healthy work culture.
- b. The decrease in absenteeism and turnover is an indication that employees feel satisfied and comfortable working in the company.
- c. Increased work commitment, especially in permanent employees who have worked for the long term and feel valued by the company through stable compensation management.

However, there are also some negative impacts arising from the current lack of compensation management:

- a. The unfairness felt by some employees causes a decrease in motivation in certain groups.
- b. The lack of clarity in the assessment indicators for the provision of bonuses makes some employees feel objectively unappreciated, which can reduce work morale.

Therefore, while compensation has generally had a positive impact, companies still need to make better adjustments, transparency, and communication, especially in terms of incentive systems and performance evaluations.

SWOT Analysis

The following is a SWOT analysis of the compensation management system at PT Alpha Austenite:

1. Strengths

- a. Financial and non-financial compensation is quite complete
- b. Salary structure based on tenure and tenure
- c. Gold bonus as loyalty reward
- d. Big leave and family BPJS add to employee welfare

2. Weaknesses

- a. Performance appraisals are not transparent
- b. Incentives don't fully reflect workload
- c. Lack of employee involvement in the evaluation of the compensation system

3. Opportunities

- a. Improvement of the performance evaluation system based on objective indicators
- b. Digitization of Human Resources systems for compensation monitoring
- c. Training and career development as non-monetary compensation

4. Threats

- a. Employees feel dissatisfied and lower loyalty
- b. Turnover increases in work units that feel underappreciated
- c. Competing companies provide more attractive compensation

The conclusion of the SWOT analysis is that although PT Alpha Austenite has a fairly competitive compensation system and covers a wide range of aspects, but there are still challenges in terms of justice and transparency. Opportunities for improvement through digital systems, indicator-based evaluations, and strengthening internal communication can be strategic steps to improve employee motivation and productivity across the board.

4. How is the compensation management system implemented at PT Alpha Austenite?

Compensation is a critical aspect of human resource management that focuses on designing, implementing, and maintaining an effective compensation package. Compensation not only includes salaries or wages paid to employees, but also includes various forms of benefits, bonuses, and incentives. According to Pratama (2024:2) "good compensation is a system that can verify employee loyalty that, in the long run, allows an organization or business to manage, compensate, and hire a large number of employees with a high level of performance". PT Alpha Austenite, the provision of compensation in the form of basic salary, allowances, bonuses, and incentives is appropriate.

Direct compensation such as salaries and incentives is given regularly, while indirect compensation can be seen from the existence of work facilities and welfare benefits. PT Alpha Austenite seeks to combine these two types of compensation in order to maintain a productive workforce and be loyal to the company.

5. Is the existing compensation management in accordance with the principles of fairness, eligibility, and employee performance?

PT Alpha Austenite has tried to apply this principle by compiling a salary structure based on position and length of service. However, from the results of the interview, it was found that there was a mismatch in the perception of some employees towards the incentive system which was considered not to reflect the workload as a whole.

This dissatisfaction shows the need to strengthen the aspect of internal justice, especially through the improvement of the performance evaluation system. Lack

Transparency is also an obstacle in achieving compensation fairness that is felt directly by employees.

6. How does compensation management impact employee motivation and productivity at PT Alpha Austenite?

The results of the study show that compensation management has a direct impact on motivation and work productivity. When employees feel valued financially as well as non-financially, they tend to be more productive and committed to the company. However, if compensation is given unevenly or without clear indicators, work motivation can decrease. This indicates the importance of consistency and objectivity in awarding performance-based awards.

From the results of the analysis and discussion, PT Alpha Austenite is already on the right track in implementing competitive and varied compensation management. However, in order for this system to have a more optimal impact, companies need to:

Improve transparency of performance appraisals as a basis for providing incentives.

1. Conduct periodic evaluations of the compensation structure, so that it remains relevant to labor market conditions.
2. Strengthen two-way communication between management and employees regarding compensation policies.
3. Develop a non-financial reward system as a form of appreciation for outstanding employees.

By implementing the above, a compensation management system will not only have a positive impact on employees, but will also encourage the achievement of the company's overall strategic goals.

CONCLUSION AND RECOMMENDATION

Based on the results of the research conducted on the compensation management system at PT Alpha Austenite, Cileungsi, Bogor, it can be concluded that several things are as follows:

1. The compensation management implemented by PT Alpha Austenite includes financial compensation (basic salary, benefits, bonuses, and incentives) as well as non-financial compensation (work facilities, safe work environment, and training). This shows that the company has tried to implement a fairly comprehensive system in managing employee rewards.
2. The application of the principles of fairness and feasibility in compensation management has been carried out by referring to the position structure, working period, and following UMR standards. However, there are still some complaints from employees regarding the mismatch between workload and incentives received, as well as a lack of transparency in the performance evaluation system.
3. Compensation management has a positive impact on employee motivation and work productivity, especially through the provision of incentives and bonuses that trigger work morale. However, the effectiveness of compensation management can still be improved by improving the internal assessment and communication system so that all employees feel valued fairly and objectively.

FUTHER STUDY

Based on the results of the above conclusion, the author gives some suggestions as follows:

1. Companies need to increase transparency and objectivity in the performance appraisal system that is the basis for compensating variables such as bonuses and incentives, so as not to create a perception of injustice among employees.
2. Communication between management and employees needs to be strengthened, especially in conveying information related to compensation policies and reward mechanisms. This openness is important to create trust and loyalty of employees to the company.
3. Companies may consider increased non-financial compensation, such as career development, skills training, merit-based awards, and formal recognition to improve job satisfaction.
4. Periodic evaluations of compensation policies need to be carried out, in order to remain in line with labor market dynamics and internal needs of the company, especially in facing industry challenges and retaining the best talent.

With continuous improvement and development of the compensation management system, PT Alpha Austenite is expected to be able to increase employee motivation, performance, and loyalty which ultimately contributes to the achievement of the company's goals.

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