Designing Compensation System for Culinary Business: The Case of Bogor City, West Java Province, Indonesia

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Abstract— The study objective was to formulate the Compensation System for the culinary business at Bogor City, West Java Province, based on Position and Person Value. The Person Value determined by competencies possessed by a job holder. The study interviewed 565 employees from the 24 culinary business. Data processing and analysis of this study were based on point system and Eckenrode method. The results show five grading or main job family, namely Manager, Head Kitchen, Assistant Manager, Kitchen Staff, and Restaurant Area Staff. The average salary for the entry-level starts from above IDR 1.8 million until above IDR 5.9 million for top management level for the culinary business in Bogor City

Keywords: *base pay, culinary business, job grading, job value*

I. INTRODUCTION

The development of Bogor city tourism increases the growth of the culinary-based business in the form of restaurants or cafes. However, many businesses that have not implemented a wage system set by the Government. Employee payroll conditions, which are still under the minimum wages of Bogor, especially for the culinary business (restaurant or café), that lead to low job satisfaction. Therefore, the culinary business in Bogor needs an appropriate compensation system.

Either the external or internal environments used as the basis for determining employee compensation, companies must be able to guarantee fairness in providing compensation. Injustice in the compensation system can cause the employees' dissatisfaction with the jobs. The company's compensation system must be built properly and fairly in order to create employee job satisfaction so that it increases company performance. The study aimed (1) to analyze and carry out an evaluation of an effective remuneration system for culinary business in Bogor, (2) to design the financial compensation system of culinary business in Bogor.

II. MATERIALS AND METHODS

A. Sample and data collection

This study used a survey from January until February 2019 to obtain an employee's salary in culinary-based business in the Bogor. A questionnaire carried out to find out the key factors of compensable design and the actual paid work. The compensable factor verified by unstructured interview techniques. The sampling method used in this study was non-probability sampling with a purposive sampling technique. Exactly 565 respondents were interviewed from 24 the culinary businesses in Bogor.

B. Data Analysis

Data processing and data analysis used the Point System and Eckenrode method to define the *Job Grading and Job Value*.

1. Determining the Point Value

This step determined the minimum, maximum, and interval value. The minimum value obtained by multiplying the weight percentage (100) to get the decimal value. The maximum value of each factor was produced by multiplying the weight value to the total point. The formula provides the interval:

$$= \frac{\text{Maximum value of factor} - \text{minimum value of factor}}{\text{Level of factor} - 1}$$

2. Validating the point system

The next step was to calculate the weight of each existing job grade. The total weight was the job point for each job grade.

3. Setting prices for each job

After converting the results of the job evaluation questionnaire into job point values for each factor level, the price of each job was determined by *mid-point salary*.

4. Pay Ranges

Pay ranges were stipulated by identifying the maximum salary and minimum salary of a job.

5. Pay Grades

The pay grade was carried out by classifying the jobs to simplify the prices. Deciding the weight of the lower point, the midpoint, and the upper point of each group. An adjustment for *Point system proses* produces three actual salary condition, as follows [1]:

- a. *Under Paid* is to the actual salary condition which did not reach the minimum salary
- b. *In Paid* is the standard actual salary conditions
- c. *Over Paid* is the actual salary conditions which exceed the maximum salary

III. RESULTS

A. Design of Job Grading and Job Value through Point System Method

Fig. 1 shows the comparison of the average salary of The point system used to provide the quantitative value on the job relatively. The result is necessary to measure and analyze job value and job grading. The calculation shows that the General Manager or Restaurant Manager position had the highest job value (Table 1). On the other hand, the dishwasher position received the lowest job value. The position was influenced by the skill, ability, and capacity. The arrangement of job grades obtained from the amount of grade or position class. There were five job grades with the highest point limit of 782 and the lowest point limit of 324, with the interval 91.53 of each grade (Table 1). The job classification result will be used for analyzing the payroll structure.

B. Analysis of Non-classification-based Salary Mapping Result

Salary mapping conducted to find the initial condition of workers' salaries at the 24 culinary-based business. It indicated that the position of a dishwasher was overpaid (see in Table 2). The study found that the salary structure was not meet the ideal condition, therefore it needs improvement. The improvement was provided by the classification-based point system (Table 3). Moreover, based on the salary mapping results via a classification-based point system, we classified five main job families. The classification families were Manager, Head Kitchen, Assistant Manager, Kitchen Staff, and Restaurant Area Staff. These classifications were defined as the main job that must exist in the culinary business (see in Fig. 1). The design of the salary structure for the culinary business in Bogor met the ideal condition. It indicated the congruence between the minimum and maximum points in each grade.

IV. DISCUSSION

The salary design used a model from a regression that shows the function of $Y = 7056.5 X - 80771,2$ where Y is the salary, and X is the job point/value. It denoted the higher the point value of the compensable factors. The Job Value-based compensation system had reached above the provincial minimum wages of West Java in 2019, although it still has not been able to meet the minimum wage standards of the Bogor in 2019.

Around 60 percent of the companies had operated under five years, so the business in the growing stage. They were focused more on developing their business rather than to comply with that the ideal compensation. Even though the ideal salary system could attract the best talent and retain the best employees., the culinary business had not to concern about losing the employee due to a higher supply of job seeker.

It is important not only to fulfil the principle of pay for person and position but also to comply with pay for performance. Since, it will support the culinary business development, and its growth. The development is supported by more enthusiastic employees who are happy with their rewards. Furthermore, besides the salary system, the employees' retention programs can be made in several ways, including building a positive work environment, increasing compatibility, encouraging the leaders to support and help employees overcome the conflicts [2].

V. CONCLUSION

We concluded the ideal compensation system for the culinary business in Bogor refers to the classification system with five grading or main job family. The classification was Manager, Head Kitchen, Assistant Manager, Kitchen Staff and Restaurant Area Staff. The salaries were from IDR 1,804,322 to IDR 5,923,214.

REFERENCES

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APPENDIX

TABLE 1. JOB VALUE RESULT ON 13 CRITICAL POSITIONS OF CULINARY-BASED BUSINESS

No.	Job position	Job Value	Value Given		Grade Given
			Min	Max	
1	General Manager/ Restaurant Manager	782	691	782	V
2	Head of Chef	674	600	690	IV
3	Finance & Accounting Staff	599	508	599	III
4	Marketing & IT Staff	599			
5	Logistic Staff	588			
6	Captain / Head of Waiter	550			
7	Barista	497	417	507	III
8	Cooking staff	497			
9	Helper	429			
10	Admin	368	324	416	I
11	Cashier	355			
12	Waiter	368			
13	Dish Washer	324			

TABLE 2. NON-CLASSIFICATION-BASED POINT SYSTEM (INDONESIAN RUPIAH)

No	Job Title	Job Points (X)	Actual Monthly Salary (Y)	Mid-Point Salary $y = 7056,5X - 807712$	Minimum Salary (MP*0.65)	Maximum Salary (MP*1.35)	Result
1	General Manager/ Restaurant Manager	782	5,108,889	4,710,650	3,061,923	6,359,378	IP
2	Head of Chef	674	4,657,929	3,946,353	2,565,129	5,327,576	IP
3	Finance & Accounting Staff	599	3,502,029	3,416,690	2,220,848	4,612,531	IP
4	Marketing & IT Staff	599	2,461,667	3,416,690	2,220,848	4,612,531	IP
5	Logistic Staff	588	3,217,738	3,338,732	2,170,176	4,507,288	IP
6	Captain / Head of Waiter	550	3,052,117	3,076,634	1,999,812	4,153,455	IP
7	Barista	497	2,254,575	2,698,808	1,754,225	3,643,391	IP
8	Cooking staff	497	2,337,829	2,698,808	1,754,225	3,643,391	IP
9	Helper	429	1,897,010	2,221,879	1,444,221	2,999,536	IP
10	Admin	368	2,367,420	1,791,589	1,164,533	2,418,645	IP
11	Cashier	355	1,837,158	1,700,728	1,105,473	2,295,983	IP
12	Waiter	368	1,531,431	1,791,589	1,164,533	2,418,645	IP
13	Dish Washer	324	2,064,413	1,481,103	962,717	1,999,489	OP
Total		6631	36,290,205	36,290,253	23,588,664	48,991,842	

Source : Survey of Culinary business Based in Bogor City, Data Processed, 2019

Note : OP = Over Paid, IP = In Paid, UP = Underpaid

TABLE 3. CLASSIFICATION-BASED COMPENSATION POINT SYSTEM FOR CULINARY BUSINESS IN BOGOR (INDONESIAN RUPIAH)

No	Position	Class	Job Point (Grading)	Job Points (X)	Actual Monthly Salary (Y)	Mid-Point Salary $y = 7056,5X - 807712$	Min Base Pay (MP*0.65)	Max Base Pay (MP*1.35)	Results
1	General Manager/ Restaurant Manager	5	736	782	5,108,889	4,387,566	2,851,918	5,923,214	IP
2	Head of Chef	4	645	674	4,657,929	3,741,755	2,432,141	5,051,369	IP
3	Finance & Accounting Staff	3	553	599	3,502,029	3,095,944	2,012,363	4,179,524	IP
4	Marketing & IT Staff	3	553	599	2,461,667	3,095,944	2,012,363	4,179,524	IP
5	Logistic Staff	3	553	588	3,217,738	3,095,944	2,012,363	4,179,524	IP
6	Captain / Head of Waiter	3	553	550	3,052,117	3,095,944	2,012,363	4,179,524	IP
7	Barista	2	462	497	2,254,575	2,450,133	1,592,586	3,307,679	IP
8	Cooking staff	2	462	497	2,337,829	2,450,133	1,592,586	3,307,679	IP
9	Helper	2	462	429	1,897,010	2,450,133	1,592,586	3,307,679	IP
10	Admin	1	370	368	2,367,420	1,804,322	1,172,809	2,435,835	IP
11	Cashier	1	370	355	1,837,158	1,804,322	1,172,809	2,435,835	IP
12	Waiter	1	370	368	1,531,431	1,804,322	1,172,809	2,435,835	IP
13	Dish Washer	1	370	324	2,064,413	1,804,322	1,172,809	2,435,835	IP

Source : Survey SME Culinary Based in Bogor City, Data Processed, 2019

Note : OP = Over Paid, IP = In Paid, UP = Underpaid

Fig 1. Classification-based Point System for the Ideal Compensation System in Bogor Culinary business