

Strategy to Increase Salary Satisfaction of Y Generation Employee to Enhance Job Performance (Case Study on Kompas Gramedia)

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Abstract

Shifting the demographic of employees from the X generation to the Y generation causes a changing paradigm related to compensation for them. If the company treats the Y generation in terms of compensation the same as the X generation, it will result in Y generation employees being dissatisfied. This study focuses on Kompas Gramedia (KG) employees, which are dominated by millennials. In managing compensation, KG has a problem with the satisfaction of employee remuneration. The company's annual survey of 10.560 employees in 2016 shows that remuneration satisfaction accounts for only 41 percent of employee satisfaction with the remuneration system. It is classified as a low level of satisfaction. This research is considered qualitative research. This research aims to formulate a strategy for the business company, in this case, Kompas Gramedia, to create a compensation strategy that matches the millennial generation's characteristics and aspirations. This research used secondary data from the company. Forum group discussions and interviews were conducted to create the system. The result is that the company must match the company compensation scheme to the aspirations of the millennial employee. The health allowance, loan facility, work-life balance, recognition retirement program, and career opportunities must be modified. The company should focus on career opportunities and change many facilities to financial allowances.

Keywords: Salary satisfaction; Millennial Generation, Job Performance, Compensation Strategy

Abstrak

Pergeseran demografi karyawan dari generasi X ke generasi Y menyebabkan perubahan paradigma terkait kompensasi bagi mereka. Jika perusahaan memperlakukan generasi Y dalam hal kompensasi sama dengan generasi X, maka akan mengakibatkan karyawan generasi Y tidak puas. Penelitian ini berfokus pada karyawan Kompas Gramedia (KG) yang didominasi oleh generasi milenial. Dalam mengelola kompensasi, KG memiliki masalah dengan kepuasan remunerasi karyawan. Survei tahunan perusahaan terhadap 10.560 karyawan pada tahun 2016 menunjukkan bahwa kepuasan remunerasi hanya menyumbang 41 persen dari kepuasan karyawan terhadap sistem remunerasi. Ini diklasifikasikan sebagai tingkat kepuasan yang rendah. Penelitian ini dianggap sebagai penelitian kualitatif. Penelitian ini bertujuan untuk merumuskan strategi bagi perusahaan bisnis, dalam hal ini Kompas Gramedia, untuk menciptakan strategi kompensasi yang sesuai dengan karakteristik dan aspirasi generasi milenial. Penelitian ini menggunakan data sekunder dari perusahaan. Forum diskusi kelompok dan wawancara dilakukan untuk membuat sistem. Hasilnya, perusahaan harus mencocokkan skema kompensasi perusahaan dengan aspirasi karyawan milenial. Tunjangan kesehatan, fasilitas pinjaman, keseimbangan kehidupan kerja, program pensiun pengakuan, dan peluang karir harus dimodifikasi. Perusahaan harus fokus pada peluang karir dan mengubah banyak fasilitas menjadi tunjangan keuangan.

Kata kunci: *Salary satisfaction, Millennial Generation, Job Performance, Compensation Strategy*

1. INTRODUCTION

A compensation strategy is part of managing employee motivation. The company's strategy for delivering compensation will influence the level of employee performance. Cloutier and Morin (2013) explain that salary is crucial for the employee because the aim of wages is to encourage the employee to achieve organizational goals. Furthermore, it can control employee productivity. The compensation strategy is closely related to the characteristics of employees, one of which is based on generations. Based on the results of the population census in 2020, it is noted that Indonesia's population is dominated by generation Z and the Millennial generation. The percentage of Gen Z is 27.94% of this country's total population of 270.2 million. Meanwhile, the Millennial generation makes up 25.87% of the total population. The lowest era recorded was pre-boomer at 1.87%. Pre-Boomers are people born before 1945 whose estimated age is 75 years and over. (Population Census 2020: The Indonesian Population Is Dominated by Gen Z and Millennials | Databoks, n.d.)

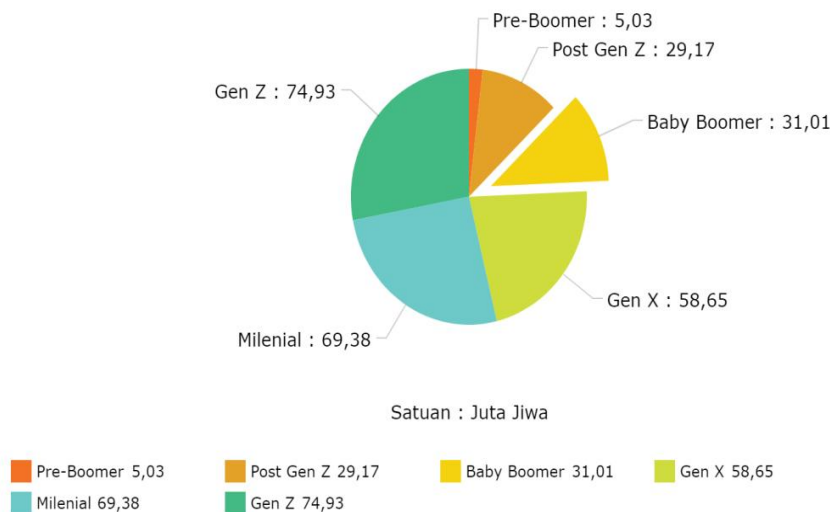


Figure 1: Indonesian Population by Generation, (Databoks, 2020)

The data on figure 1 shows a shifting number of employees from the X generation to the Y generation. According to Meier and Crocker (2010), the X generation is the generation after the baby boomers born between 1961 and 1979. The Millennial or Y generation is a generation that grew up during the beginning of technology, when people widely used computers and the internet. This generation, born between 1980 and 2000, is characteristically goal-oriented, independent, confident, and more digitized.

Kompas Gramedia (KG) is one of the largest multimedia companies in Indonesia. The phenomenon of the shifting number of X to Y generations also happens in this company. The percentage of employee generation explained in the table is as follows:

Table 1: Percentage of Generation in KG

Generation	Percentage
Baby Boomer	8.53 %
X	37.72 %
Y	53.76 %

Source: Sylvianasary and Respati (2014)

Table 1 shows KG is dominated by more than fifty percent of the Y generation. It means the Y generation has a significant number of Thus, in managing the compensation of KG employees, it is critical to consider the characteristics of the Y generation. This is reflected in the Deloitte Global Millennial Survey 2019, conducted on 13,416 millennials in 42 countries and 3,009 members of Generation Z from ten countries. As many as 43% of millennial respondents and 34% of generation Z respondents cited salary dissatisfaction as the main reason for leaving the company. The following reason is that there is no opportunity to develop. This was stated by 35% of millennial respondents and Table 1 shows KG is dominated by more than fifty percent of the Y generation. It means the Y generation has a significant number of Thus, in managing the compensation of KG employees, it is critical to consider the characteristics of the Y generation. This is reflected in the Deloitte Global Millennial Survey 2019, conducted on 13,416 millennials in 42 countries and 3,009 members of Generation Z from ten countries. As many as 43% of millennial respondents and 34% of generation Z respondents cited salary dissatisfaction as the main reason for leaving the company. The following reason is that there is no opportunity to develop. This was stated by 35% of millennial respondents and 33% of generation Z respondents.

The compensation strategy is important because it is the first reason for the Z generation and millennials. In managing compensation, KG has a problem with the satisfaction of employee remuneration. The survey conducted on 10,560 employees in 2016 showed that only 41 percent of employees were satisfied with the company's remuneration system. This number is categorized as low because it is below 50 percent. From the explanation above, the author is interested in writing the paper entitled Strategy to Increase Salary Satisfaction of Y Generation Employees to Enhance Job Performance at Kompas Gramedia.

2. LITERATURE REVIEW

Compensation Strategy Compensation has a broader scope than wages or salaries. Compensation includes all expenses incurred by the company for workers and received or enjoyed by workers, either directly, routinely, or indirectly. Compensation can be defined as the results obtained by workers related to what is done. Compensation includes wages and salaries, bonuses, health insurance, plans, on-site childcare, paid vacations, promotion opportunities, the work environment, job stability and security, flexible working hours, low travel costs from employees' homes, and more. (DeVaro, 2020). Compensation is part of the intrinsic and extrinsic

rewards given to employees. Intrinsic and extrinsic compensation both describe the total compensation system that exists in a company. (Martocchio, 2017). Intrinsic compensation is part of the psychological mindset of employees that results from doing their job; for example, experiencing an overwhelming sense of belief that one's job is essential in the lives of others. It may be easy to imagine that many healthcare providers feel this way. Extrinsic compensation includes monetary and non-monetary rewards. Organizational development professionals promote intrinsic compensation through effective job design.

There are four indicators of compensation; according to Simamora (2004), these indicators include:

1) Wages and Salaries

Wages and salaries have different meanings. Wages can be defined as wages often used for production and maintenance workers or daily workers who are not employees or permanent employees. At the same time, wages are paid daily, weekly, or monthly, according to the agreement between the worker and the employer. Salary generally applies to the weekly, monthly, or annual rate of payment that is given regularly.

2) Incentives

Incentives are additional compensation above or beyond the salary or wages provided by the organization. Companies usually give incentives based on employee performance or productivity. Employees with good performance or work productivity will receive incentives from the company.

3) Allowances.

Allowances are payments or services provided by companies as protection or a complement to basic salaries. Benefits include health and life insurance, company-borne vacations, pension plans, and other benefits related to employment relationships. 4) Facilities The company provides compensation in the form of facilities to facilitate and motivate employees' work. Examples are enjoyment and facilities such as company cars, club memberships, special parking lots, internet access, work uniforms, etc. Salary Satisfaction Salary satisfaction is a concept related to satisfaction with many dimensions, including the following: salary level, salary increase, benefits, and payroll structure and administration. (Andini, 2006) Millennial Generation According to Lovelock and Wirtz (2011), satisfaction is an attitude based on the experience gained. Satisfaction occurs when the reality is better than what is desired, and it appears satisfied. Salary satisfaction is the attitude of an employee who feels his salary is commensurate with his contribution to his work.

Every generation has a different perception of salary satisfaction. Below the figure is an explanation of the generation.

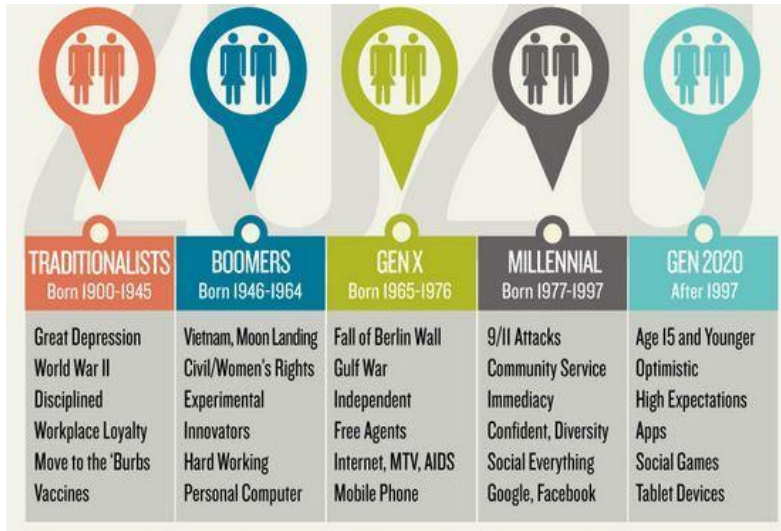


Figure 2: Generation (vnmanpower.com)

4. RESEARCH METHOD

In this paper, the author uses a descriptive research method. Descriptive research is conducted to process the data under study with a description or explanation that has been analyzed systematically. Creswell (2009) explained that quantitative research methodology has six steps to build systematic research.

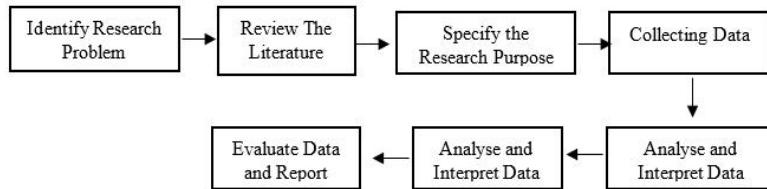


Figure 3: Research Step (Creswell 2009)

The data collection technique is part of a series of essential and strategic research activities in the study. Through data collection techniques, the author can obtain the necessary data and collect valid and representative information for analysis. According to Arikunto (2006), methods of data collection are a way that researchers can collect data. In this study, the data collection techniques used are interview, observation, and documentation.

5. FINDING AND DISCUSSION

a. Finding

The remuneration satisfaction of KG is considered low. Based on the Corporate Human Resource questionnaire survey was distributed to 10.560 as a sample to overall employees in the subsidiary company within Company. The result of the study for remuneration shows that 41

percent of employees within KG are Favorable. It is categorized that the Satisfaction of income is low because more than half of the employees of KG are neutral or unfavorable. In this research, the indicators of remuneration are reward and facilities suitable to the need, the salary that is received according to the contribution, and competitive pay.

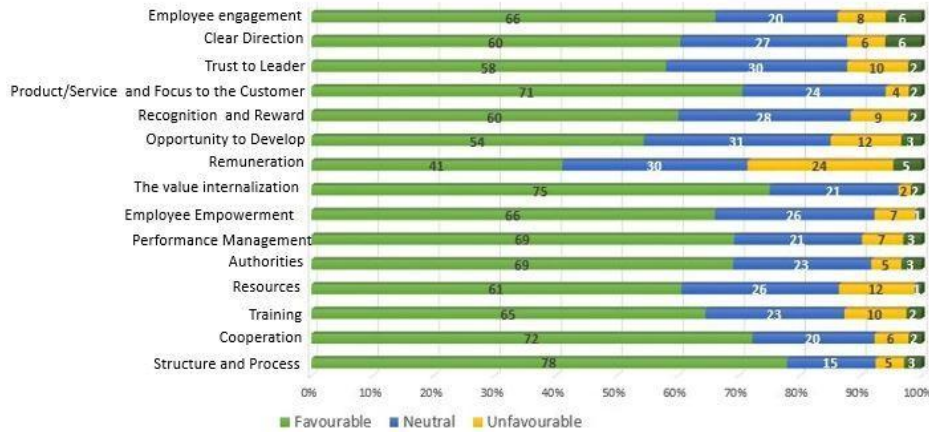


Figure 3: Research Result (Source: Corporate Document)

The demographic of KG employees is dominated by the Millennial or Y generation. The age of the Y generation today is less than 35 years, about 56 % or 5877 people. Thus, the Y generation is essential.

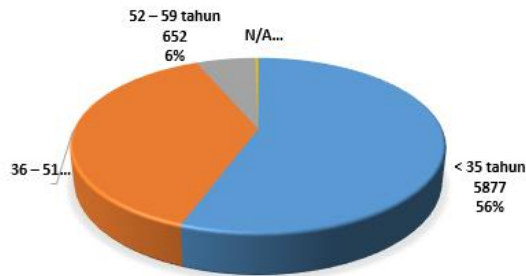


Figure 4: Distribution of respondents based on Age (Corporate Document)

The interview result shows that KG has 9 points for rewards and facilities. Interviewing and conducting small group discussions with employees from subsidiaries of the company

Table 2: Interview Result

No	Reward and Facility	Problem
1	Health	- Health insurance in KG is not used by a third party but by a company with a specific budget. Then the amount does not cover the health costs.
2	Loan Facilities	- The loan from the company is low and not sufficient to pay the down payment on housing, vehicles, and

No	Reward and Facility	Problem
		other
3	Work-Life Balance	- For certain positions, KG does not have an excellent work-life balance. There is a lot of pressure, and the work time is until night.
4	Recognition	- Recognition using a certificate or plaque for the employee who has worked 10, 15, 20, and 25 years
5	Retirement Program	- The retirement program of KG cooperates with BRI and BNI, but the program is not socializing well.
6	Career Opportunity	- The retirement program of KG cooperates with BRI and BNI, but the program is not socializing well. The career opportunity is good. The company gives the employee an opportunity to develop, but there are no company rules.

Source: Interview Result

In addition, besides seven problems faced in rewards and facilities, KG also has problems communicating the compensation and facilities to the Employees. The interview shows that KG is not clear in giving information to employees.

b. Discussion

The finding has explained three points from the result of the research and interview. We can see that more than half of KG employees are not satisfied with the remuneration given by the company. According to figure 3, remuneration is the lowest point of favorability, while the other dimension to be researched for unfavourability shows that remuneration is the highest percentage. The percentage of unfavorable reaches 24 percent. From the number of surveys to the remuneration, first. KG employees feel that the benefits and facilities of the company do not match their daily needs. This shows that the price increase due to inflation is much higher than the salary increases. Secondly, employees feel that the salary received does not match their contribution to the company. They have contributed a lot to the company but are less materially valued. I am sure of the salary I will receive according to my contribution. Third, KG employees feel the compensation given is less competitive compared to the wages of others with similar work in different companies.

A sound payroll system and a helpful development program maintain company performance standards, motivate employees to achieve higher performance, and encourage outstanding employees to move around. Meanwhile, the manager's duties do not directly control the policies relating to salary, benefits, and employee enhancement opportunities. Managers have a role in influencing these policies. Communicate with employees and apply them.

According to demography, most of KG's employee generation is Y. The Y generation makes up 56% of the total sample of employees. This data is essential for KG management in determining policy, especially in managing compensation. Schweitzer and Lyons (2010) explain that the characteristic of the Y generation is a realistic expectation of the job while seeking rapid

and advanced development of new skills and meaningful activities outside the work. Thus, Millennials tend to find employment with good career opportunities and training development. In managing compensation, KG should focus on financial benefits for the employees and non-financial employees.

The interview results show that the rewards and facilities of KG have many problems. For health insurance, KG should use a third party besides government insurance, and if still not, a third party should increase the budget, thus keeping in line with growing health costs. The same loan facilities should be improved because the number is not updated. Work-life balance and recognition: KG should change the strategy, maintain the work-life balance, and adjust the award to be suitable for the Y generation.

From the analysis above, matching between compensation strategy and Y generation is essential to achieving compensation satisfaction. Factors that can be taken into consideration in determining compensation for millennials Based on the CHCD PPM Research report, it was found that five essential factors make millennial employees survive in a company, namely as follows:

1. Work environment (51%);
2. Financial compensation (48%);
3. Balance of life and work (39%);
4. Management and leadership (31%); and
5. Nature of work (23%).

The data above shows that the work environment is the most crucial factor that makes millennials survive in a company. The environment can support the career development and passion of millennial-generation employees. Another exciting factor is the work-life balance. A job that does not have an excellent work-life balance tends to make the millennial generation unsatisfied.

The general strategy for retaining the millennial generation.

To maintain them, these things need to be done by the organization.

1. Understanding Millennial Employees Understanding the millennial generation can be done by conducting a survey of the aspirations of the millennial generation in the company so that the compensation given can increase their power. In addition to studying, you can use interviews and group discussion forums.
2. Creating a Supportive Work Environment Business and HR leaders must create a work environment that supports the development of potential millennial employees. It is not limited to the physical environment but also builds a corporate culture and employee social interactions. Companies creating a supportive work environment, for example, can make workspaces more pleasant with virtual offices, entertainment, and sports facilities that can make millennial employees comfortable. In addition, it creates a collaborative climate so that millennial employees will feel more meaningful at work.

3. **Compensation** Give the right offer to millennial employees. Business and HR leaders must formulate compensation packages that attract and motivate millennial employees. The compensation strategy can be a mix of financial and non-financial compensation. Communicate the offers and expectations of reciprocity of what has been invested for millennial employees.
4. **Management & Leadership.** Millennial-generation employees tend to like leadership management models that are objective, supportive, and to the point because they fit their characteristics. Millennial employees have clear and confident goals in life and career expectations. They hope to be guided by leaders who can develop their careers. So feedback on an ongoing basis is essential for that generation.
5. **Work-Life Balance** One of the characteristics of the millennial generation is a work-life balance between personal life and work. Millennials have a different life outside of work and are unwilling to sacrifice their lives just for their careers. Millennial employees love to socialize and have community. Thus, providing a good balance between work and life outside of work is essential, as is providing work flexibility in both place and time. Flexibility can give employees of the Millennium Generation the ability to live two lives, namely their work and personal lives.

Business Solution

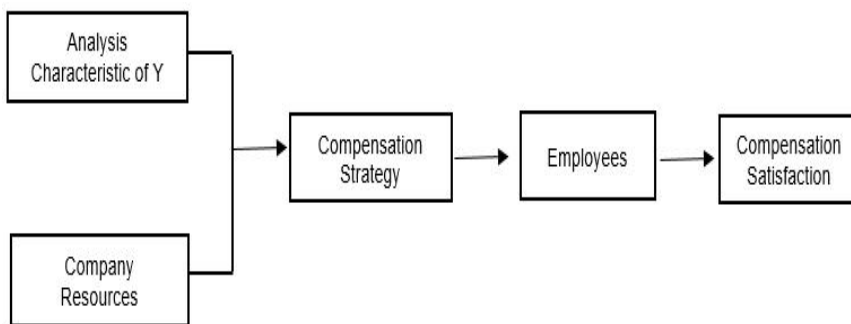


Figure 5: Step in developing Solution (Source: Author recommendation)

In the figure above, the first step is analyzing Y generation and company resources within KG. The resources of KG can be used as an asset in sports building. This asset can be used as an accessible facility for the employee. The Y Generation does not tend to find financial benefits

but, more than that, develops skills and work-life balance. Facilities related to the sport are an effective way to increase performance. A more detailed explanation for improving the satisfaction of the Y generation will be explained in the table below:

Table 3: New System of KG Reward and Facilities

No	Reward and Facility	New System
1	Health	<ul style="list-style-type: none"> - Using a third party to cover health insurance. If the KG doesn't have enough budget, it can be shared with the Employee. - Health not only focuses on covering health insurance but also preventing the sick. Giving supplements to the Employee is better. As we know, the Y generation is more aware of the health
2	Loan Facility	<ul style="list-style-type: none"> - The loan facilities should be deleted from the rewards and facilities. Because the Y generation tends toward high consumption, it is not related to job performance. For the benefit of the loan facility, it is better to change or transfer to a basic salary.
3	Work-Life Balance	<ul style="list-style-type: none"> - Providing facilities for managing work-life balance will reduce employee stress.
4	Recognition	<ul style="list-style-type: none"> - Giving recognition is not based on the finances but on an appreciation of the performance. The y generation is likely to show up. By the award, it will increase motivation also performance
5	Retirement Program	<ul style="list-style-type: none"> - It is better to say that the retirement program is not an obligation but an elective. The type of Y-generation employee has high job turnover. Providing job retirement will not be effective.
6	Career Opportunity	<ul style="list-style-type: none"> - KG has to create opportunities for the employees to develop. by providing training and development. Because of the Y Generation, improving skills and knowledge is a concern

Source: Author Recommendation

6. CONCLUSION

The Y generation is dominant in KG remuneration. The survey conducted on 10.560 employees in 2016 showed that only 41 percent of employees' remuneration satisfaction was satisfied with the company's remuneration system. increasing salary satisfaction to increase the performance of KG employees by the new design of rewards and facilities suitable to the Y Generation's characteristics. In addition, KG must ensure several things can be considered so that the millennial generation can stay at the company, including understanding millennial employees,

creating a supportive work environment, compensation, management and leadership, and work-life balance.

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