

STRUCTURE AND WAGE SCALE BASED ON THE TWO-POINT METHOD AT SMALL ENTERPRISES CULINARY SECTOR IN CIBINONG DISTRICT

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Abstract: The Covid-19 pandemic that occurred in Indonesia from early 2020 to 2023 resulted in an unstable economy. However, the Indonesian economy was supported by Micro, Small, and Medium Enterprises (UMKM). The industry contributing the highest to the Gross Domestic Product (GDP) among UMKMs was the Food and Beverage Industry. Based on this, there was a need for the enhancement of UMKM quality, not only in terms of sales but also in managerial systems, including compensation. Government Regulation No. 1 of 2017 mandated that every business must have a Pay Structure and Scale. This research aimed to analyze the Pay Structure and Scale of Culinary Micro and Small Businesses using the dual point method. The research was conducted from January to August 2023 in the Cibinong District, Bogor Regency. The existing Pay Structure and Scale were not ideal; improvement was necessary. The research results showed that each Small Business was already paying its employees in accordance with the Recommended Pay Structure and Scale, thereby eliminating the need for additional wage operational costs. Apart from the Pay Structure and Scale, Micro and Small Businesses could also enhance their quality and competitiveness through internal fairness by implementing the 3P concept (Pay for Person, Pay for Position, Pay for Performance) and external fairness through the attract, retain, engage approach.

Keywords: umkm culinary, financial compensation, small enterprises, structure and wage scale, two-point method

Abstrak: Pandemi Covid-19 yang terjadi di Indonesia pada awal tahun 2020 hingga tahun 2023 mengakibatkan perekonomian tidak stabil. Namun perekonomian Indonesia ditopang oleh Usaha Mikro, Kecil, dan Menengah (UMKM). Industri penyumbang Produk Domestik Bruto (PDB) tertinggi di antara UMKM adalah Industri Makanan dan Minuman. Berdasarkan hal tersebut, perlu adanya peningkatan kualitas UMKM tidak hanya dari sisi penjualan tetapi juga sistem manajerial, termasuk kompensasi. Peraturan Pemerintah Nomor 1 Tahun 2017 mengamanatkan bahwa setiap dunia usaha harus memiliki Struktur dan Skala Gaji. Penelitian ini bertujuan untuk menganalisis Struktur Gaji dan Skala Usaha Mikro Kecil Kuliner dengan menggunakan metode dual point. Penelitian dilaksanakan pada bulan Januari sampai Agustus 2023 di Kecamatan Cibinong Kabupaten Bogor. Struktur dan Skala Gaji yang ada saat ini belum ideal, perbaikan ini perlu dilakukan. Hasil penelitian menunjukkan bahwa setiap Usaha Kecil telah membayar karyawannya sesuai dengan Struktur dan Skala Gaji yang Direkomendasikan, sehingga menghilangkan kebutuhan biaya operasional upah tambahan. Selain Struktur dan Skala Gaji, Pelaku Usaha Mikro dan Kecil juga dapat meningkatkan kualitas dan daya saingnya melalui internal fairness dengan menerapkan konsep 3P (Pay for Person, Pay for Position, Pay for Performance) dan external fairness melalui konsep attract, retain, dan engage.

Kata kunci: kuliner umkm, kompensasi finansial, usaha kecil, struktur dan skala upah, two-point method

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INTRODUCTION

The global Covid-19 pandemic has spread worldwide, affecting all countries. Indonesia is one of the countries that was impacted by the Covid-19 virus in early 2020. This can be demonstrated through Indonesia's economic contraction of 2.07% in 2020 compared to 5.02% in 2019 (BPS, 2021). The Covid-19 pandemic has continued until 2023 and has entered the post-pandemic era. According to Rodani (2022), the global economy and trade stability have not yet fully returned to normal after the Covid-19 pandemic. The Ministry of Finance (2023) states that the economy in 2023 is predicted to remain unstable. However, according to Bank Indonesia (2023), Indonesia's economic growth in 2023 is relatively high amidst the global economic slowdown, with an estimated growth rate ranging from 4.5% to 5.3%. This growth is expected to be bolstered by Micro, Small, and Medium Enterprises (MSMEs). These MSMEs have contributed significantly to Indonesia's GDP growth, as evident from their consistent growth from 2010 to 2019 (Ministry of Cooperatives and MSMEs, 2023).

According to data compiled by Katadata (2022), Indonesia's GDP growth contributed by MSMEs is dominated by the food and beverage industry sector, amounting to 302.28 trillion Indonesian Rupiah. The Food and Beverage Industry was one of the 9 subsectors in the Processing Industry that experienced growth in 2021, while the other eight contracted. Moreover, the Ministry of Finance (2022) notes that the Food and Beverage Industry is one of the most mature industries in Indonesia, with many businesses in this sector able to compete well in sales. Additionally, the Food and Beverage Industry plays a role in enhancing societal well-being through food provision (Ministry of Industry, 2017). From this explanation, it can be concluded that Food and Beverage MSMEs play an important role in the Indonesian economy. The high GDP contributed by food and beverage MSMEs is certainly due to the role of food and beverage MSMEs spread across various provinces in Indonesia.

Looking at the situation in Indonesia, most MSMEs are concentrated in West Java Province, totaling 791,435 MSMEs. Among the districts/cities in West Java, Bogor Regency has the highest distribution of Food and Beverage MSMEs, consistently growing from 2017 to 2021. The total count reached 1.5

million MSMEs, peaking at 338,295 in 2021. Within Bogor Regency, a region known as the "MSME City," specifically Cibinong Sub-district, stands out. The Regent of Bogor gave this recognition. Being the "MSME City," Cibinong Sub-district's MSMEs have become pioneers and representatives of MSMEs in Bogor Regency according to the Regent of Bogor (Official Portal of Bogor Regency, 2016). According to the Regent of Bogor, as the "MSME City," Cibinong Sub-district's MSMEs have become pioneers and representatives of MSMEs in Bogor Regency (Official Portal of Bogor Regency, 2016). Based on this, the Bogor Regency Department of Cooperatives and MSMEs (Disnakop) (2023) consistently strives for MSME development through the Cibinong MSME Forum. Through this forum, Disnakop regularly provides training for registered MSMEs, specifically those under its supervision. There are 24 MSMEs under the supervision of Disnakop, considered exemplary in Cibinong due to their complete business licensing and active participation in training and bazaars facilitated by Disnakop. Local government-facilitated training and bazaars, organized by Disnakop in this case, are efforts to enhance the productivity of Micro and Small Enterprises. As reported by the Ministry of Finance (2023), the government wants to improve Micro and Small Enterprises in Indonesia. But, efforts to improve MSME quality rarely consider management and human resource management aspects, including compensation. Many entrepreneurs are unable to pay employees above the minimum wage, as observed in the field (Kartika & Indrawan, 2020). According to Government Regulation No. 36 of 2021 on Wages, employers are prohibited from paying wages lower than the applicable Minimum Wage. This shows the importance of ensuring that the wages given to workers do not fall below the minimum threshold set by the regulation. So it is important for employers to create a good salary structure so that the salary of each employee is not less than the minimum wage set by the government. If referring to the Governor of West Java's Decision No. 561.7/Kep.776-Kesra/2022 on Minimum Wages in West Java Province and Bogor Regency/City for the Year 2023, the UMP (Regional Minimum Wage) and UMK (Urban Minimum Wage) in West Java and Bogor Regency/City have been continuously increasing each year, with an average annual increase of 5.2% and 5.4%. Undoubtedly, this can pose challenges for Micro and Small Business owners.

So, according to Government Regulation No. 36 of 2021, the minimum wage provisions mentioned are exempted for Micro and Small Businesses. The wage for Micro and Small Businesses can be determined based on agreements between employers and workers, with the following conditions: (1) at least 50% of the provincial average consumption rate, and (2) at least 25% above the provincial poverty line. So that the minimum wage reference for micro and small businesses refers to these 2 points which are regulated in government regulation number 36 of 2021. However, despite this, every employer is obligated to establish a Pay Structure and Scale (regarding the Pay Structure and Scale, 2017). Based on this context, this research aims to improve the Pay Structure and Scale based on calculations that align with the Ministry of Manpower's regulations through the dual point method. Research on the structure and scale of wages in small businesses, especially in the Bogor Regency area, has not been conducted in previous studies. Whereas compensation is the most important aspect in the organization because it has a significant influence on employee performance (Farla et al., 2019). So this research is considered important considering that small businesses in Bogor Regency are included in the Small Businesses with the highest population in West Java (Open Data Jabar, 2022).

The revised Pay Structure and Scale presented in this research can serve as a reference for culinary Micro and Small Businesses, particularly in the Bogor Regency, in ensuring fair compensation practices for their employees, both internally and externally. Previous research on the structure and scale of wages has been conducted by Kartika (2023) which shows that Bogor Fried Chicken SMEs still provide wages below the Minimum Wage. Kartika & Indrawan's research (2020) also shows that there are still many businesses in Bogor City that apply salaries below the Minimum Wage. However, research by Sari & Tazkiyatullaili (2022) shows that there are small businesses that provide salaries in accordance with the Minimum Wage, but still do not have a wage structure and scale.

METHODS

This research has been conducted from January 2023 to August 2023 on Small Culinary Businesses in the Cibinong District which is conducted using a quantitative approach as the research data consists

of statistical data presented in numerical form. Quantitative research involves investigating a specific population or sample, collecting data through research instruments, and analyzing the data using statistical methods (Sugiyono, 2013). The data used in this study include both primary and secondary data. Primary data is obtained through data from the Bogor Regency Department of Cooperatives and MSMEs (Disnakop) and the completion of questionnaires through direct interviews with Small Food Industry Business owners selected as respondents. The research questionnaire aims to gather salary data or a salary survey from Small Business operators. Secondary data is gathered from official government websites such as the Ministry of Finance, Ministry of Industry, Central Statistics Agency (BPS), Open Data West Java, academic journals, and articles related to the research. The following is the research framework used in this study that is explained by Figure 1.

The sampling method used in this study is non-probability sampling with purposive sampling technique, a method of choosing samples based on specific criteria. The criteria include: (1) MSMEs under Disnakop supervision, (2) Meeting the Small Business criteria according to BPS which includes having 5 to 19 employees (3) Minimum of 5 years in operation for business stability. The sample size of Small Enterprises in this study is determined based on Morse (2000) Theory that is "if the study needs to interview each person many times, one has a large amount of data for each participant and therefore needs fewer participants in the study (perhaps only 6 to 10)". Hence, this study will use a sample of 10 Small Food Industry Businesses in Cibinong Sub-district, Bogor Regency, from a population of 24 MSMEs supervised by Disnakop.

This research utilizes descriptive analysis, salary survey, salary mapping, and the Two-Point Method according to the Regulation of the Minister of Manpower No. 1 of 2017. Data was obtained through the distribution of a questionnaire consisting of 20 question items referring to Korn Ferry, Form Plus, and the National Athletic Trainers Association. The questionnaire filling procedure was carried out through an in-depth interview system with the business owner. Descriptive analysis is used to describe the characteristics of respondents through mean and mode calculations. Salary Mapping is used to analyze the existing salary structure to determine if it is already in an ideal state.

The Two-Point Method, referencing Regulation No. 1 of 2017, is applied to adjust the Wage Structure and Scale to achieve an ideal condition. The Wage Structure and Scale construction utilizes the Two-Point Method according to the Regulation of the Minister of Manpower No. 1 of 2017 through the steps:

- Step 1:** create a list of job titles and actual wages consisting of columns for class, job title, and wage.
- Step 2:** sort wages by lowest wage to highest wage.
- Step 3:** identify the lowest wage and the highest wage.
- Step 4:** determine the number of position classes.
- Step 5:** determine the range for each job class.
- Step 7:** enter the lowest median wage equal to the lowest wage from the external salary survey results and the highest median wage equal to the highest wage from the external salary survey results.

Step 8: calculate the median wage between the lowest median wage and the highest median wage using the straight line equation formula as follows:

$$Y = a + b(X)$$

Description: Y (Wage); X (position class); a (intercept (the intersection point of the wage policy line with the Y axis)); b (slope (angle of inclination of the wage policy line))

Step 9: calculate the smallest wage and the largest wage in each position class using the formula in number 6, because the known values are the Spread and Mid Wage. The formula in question is as follows:

$$\text{Smallest Wage} = (2 \times \text{Mid}) / (\text{Spread} + 2)$$

$$\text{Largest Wage} = ((2 \times \text{Mid}) \times (\text{Spread} + 1)) / (\text{Spread} + 2)$$

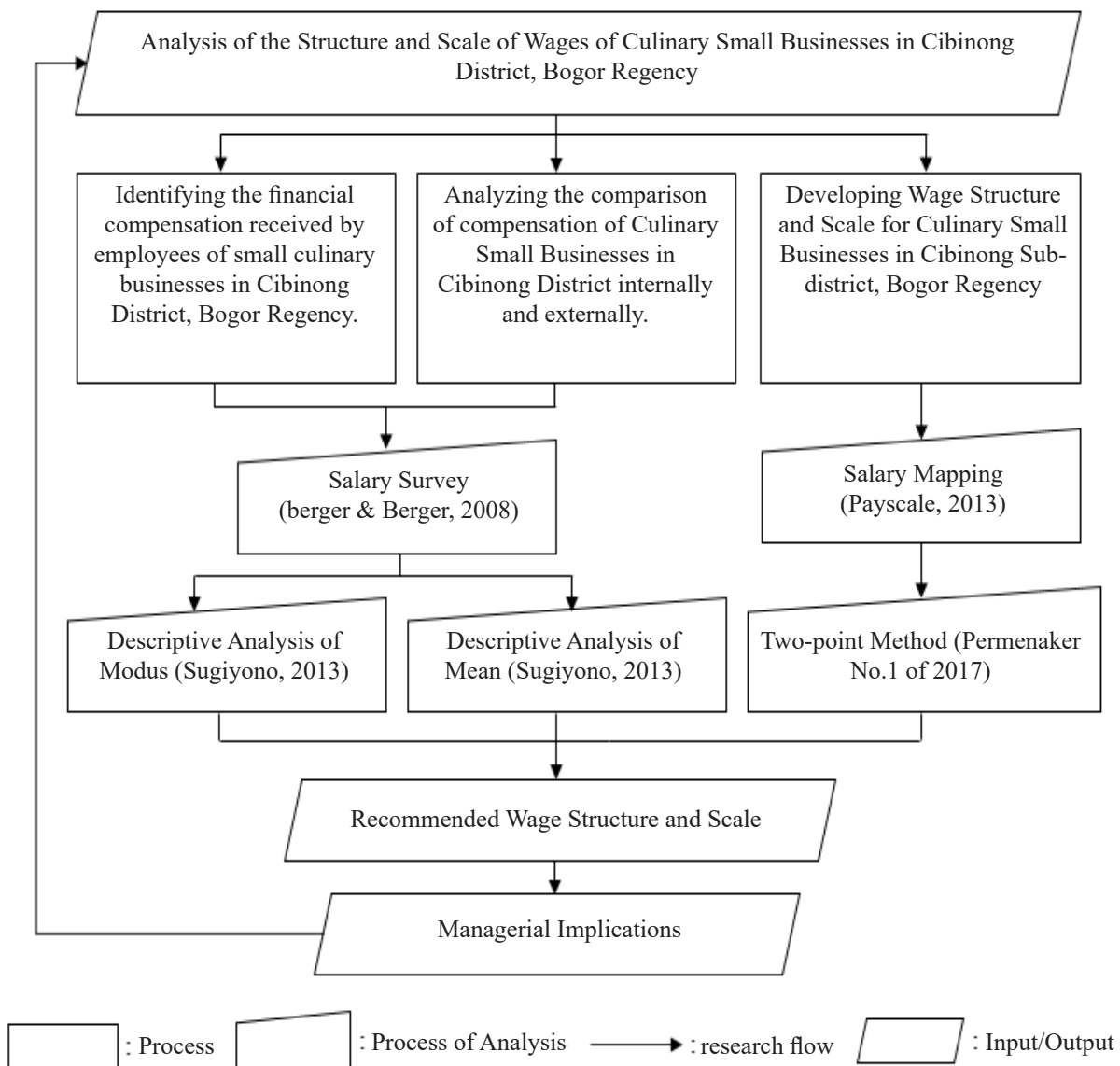


Figure 1. Research Framework

RESULTS

Overview of Micro and Small Businesses in Cibinong Sub-district

This study involves 10 Culinary Micro and Small Businesses in Cibinong Sub-district. The following are the 10 Culinary Businesses selected as respondents in this study. Based on Table 1, the selected Micro and Small Businesses have been established for a minimum of 5 years. Additionally, each respondent meets the number of employees that fall within the Small Business criteria set by the Central Statistics Agency, which is between 5 and 19 employees. From the selected respondents in the 10 Micro and Small Businesses, a salary survey was conducted, resulting in data from 104 employees. The job titles were quite diverse, so adjustments were made by grouping job titles with similar job descriptions and responsibilities into one category, following the National Restaurant Association's framework. Subsequently, the mode was calculated to determine the critical positions that frequently appeared in the ten Micro and Small Businesses and played crucial roles. This process led to the identification of 8 critical positions that are recommended for Micro and Small Businesses.

In Table 2, it is explained that the position with the highest salary is the General Manager, with an average salary of Rp4,540,000. Meanwhile, the position with the lowest salary is the Counter Server Staff, with an

average salary of Rp1,995,000. When compared to the West Java UMP (Rp1,986,670), the average salaries for all positions are already above the UMP. However, most of them are still below the UMK of Bogor Regency (Rp4,520,212).

Based on Figure 2, Small Business KI is the most superior due to having the highest salary dominated in this Business, which is 75% (6 out of 7 positions). Additionally, KI has also provided 100% salary above UMP (Minimum Wage) and 14% above UMK (Regional Minimum Wage). KI becomes the leading Business due to several factors, such as being the oldest established since 2003 and having the highest turnover of 3.6 billion per year. On the other hand, Business MK is a Small Business with the lowest competitive level as it has the highest percentage of lowest salary, which is 38% (3 out of 5 positions). This is due to several factors, where MK was only established in 2017 with the lowest turnover of 720 million per year.

In fulfilling workers' rights, aside from providing basic salary, employers can also offer additional components to enhance employees' well-being, as regulated in the Indonesian Government Regulation Number 78 of 2015 concerning Wages. The components mentioned include fixed allowances and non-fixed allowances. Hence, a survey of the financial compensation components obtained by the ten Micro and Small Businesses will be conducted (Table 3).

Table 1. Characteristics of respondents

Code of Businesses	Address	Product	Year	Number of Employees
DL	Kel. Sukahati, Kec. Cibinong, Kab. Bogor, Jawa Barat	Cakes and Bread	2013	14
KI	Desa Harapanjaya, Kec. Cibinong, Kab. Bogor, Jawa Barat	Crackers made from cowhide	2003	19
PB	Desa Pabuaran, Kec. Cibinong, Kab. Bogor, Jawa Barat	Banana Cake	2007	10
BM	Desa Harapanjaya, Kec. Cibinong, Kab. Bogor, Jawa Barat	Kembang Goyang	2011	7
RK	Kel. Sukahati, Kec. Cibinong, Kab. Bogor, Jawa Barat	Cakes	2018	9
MK	Desa Pabuaran, Kec. Cibinong, Kab. Bogor, Jawa Barat	Crackers made from cowhide	2017	8
IO	Kec. Cibinong, Kab. Bogor, Jawa Barat	Banana Cake	2010	14
SD	Kec. Cibinong, Kab. Bogor, Jawa Barat	Cookies	2018	11
EC	Desa Pabuaran, Kec. Cibinong, Kab. Bogor, Jawa Barat	Cakes, Bread, Snackbox	2007	10
AC	Karadenan, Kec. Cibinong, Kab. Bogor, Jawa Barat	Cakes	2017	9

Table 2. Salary Survey of UMP and UMK

Job Tittle	Min. Salary (Rp)	Max. Salary (Rp)	Average Salary (Rp)	UMP (Rp)	Average Salary of UMP (%)	Percentage (%)	UMK (Rp)	Average Salary of UMK (%)	Percentage (%)
General Manager	3,400,000	6,500,000	4,540,000	1,986,670	Salary > UMP	128.50	4,520,212	Salary > UMK	0.4
Executive Chef	2,950,000	3,300,000	3,077,273	1,986,670	Salary > UMP	54.90	4,520,212	Salary < UMK	-31.90
Marketing Staff	2,800,000	3,500,000	3,025,000	1,986,670	Salary > UMP	52.30	4,520,212	Salary < UMK	-33.10
Pastry Chef	2,510,000	3,100,000	2,627,273	1,986,670	Salary > UMP	32.20	4,520,212	Salary < UMK	-41.90
Accounting Staff	2,250,000	2,500,000	2,375,000	1,986,670	Salary > UMP	19.50	4,520,212	Salary < UMK	-47.50
Driver	1,950,000	2,850,000	2,300,000	1,986,670	Salary > UMP	15.80	4,520,212	Salary < UMK	-49.10
Cashier	1,850,000	2,300,000	2,012,500	1,986,670	Salary > UMP	1.30	4,520,212	Salary < UMK	-55.50
Counter Server Staff	1,500,000	2,500,000	1,995,000	1,986,670	Salary > UMP	0.40	4,520,212	Salary < UMK	-55.90

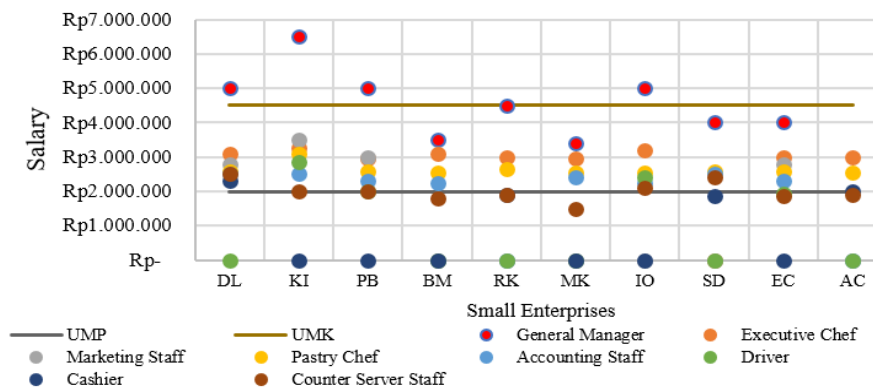


Figure 2. Salary Survey of Small Enterprises

Based on Table 3, the types of allowances that have been fully implemented by all Micro and Small Businesses are Basic Salary, Eid al-Fitr Allowance (THR), and Meal Allowance. Meanwhile, other allowances, ranked from highest to lowest, are as follows: Overtime 80% (8 out of 10 businesses), Bonus 60% (6 out of 10 businesses), Transport Allowance 20% (2 out of 10 businesses), and Position Allowance 10% (1 out of 10 businesses). Furthermore, the types of compensation that are not implemented at all by all Micro and Small Businesses or with a percentage of 0% are Health Insurance (BPJSKES) and Social Security (BPJSTK).

Comparison of Internal Salary Survey to External Salary Survey

In addition to conducting a salary survey within the selected businesses, this study also conducted an

external salary survey on similar businesses in West Java. This external survey aimed to measure external fairness or market competitiveness. The external comparison data was obtained through research conducted on the AdaKerja application. As reported in an article by Kabarbisnis (2020), AdaKerja is the first and only platform that connects Micro, Small, and Medium Enterprises (UMKM) with skilled blue-collar workers in Indonesia. Therefore, it can be said that the salary distribution on the AdaKerja application is comparable when compared to the respondent data from Micro and Small Businesses. Based on Table 4, it can be observed that 87.5% or 7 out of 8 positions have internal salaries smaller than the external salaries gathered through the AdaKerja application. There is only 1 position with a higher internal salary than the external salary, which is the Counter Server Staff position.

Table 3, Compensation Components Obtained by Employees

Salary Component	Financial Compensation Type	Small Enterprises	Nominal	Population of Small Enterprises	Percentage (%)
Basic Salary	Salary	DL, KI, PB, BM, RK, MK, IO, SD, EC, AC	Rp1,500,000 – Rp6,500,000	10	100
Fixed Allowance	THR	DL, KI, PB, BM, RK, MK, IO, SD, EC, AC	1 x gaji pokok (Rp1,500,000 – Rp6,500,000)	10	100
	Position Allowance	KI	Rp500,000 – Rp650,000	1	10
	Health Insurance	-	-	0	0
	Social Security	-	-	0	0
Non-Fixed Allowance	Meal Allowance	DL, KI, PB, BM, RK, MK, IO, SD, EC, AC	Rp10,000 – Rp35,000	10	100
	Transport Allowance	DL, IO	Rp10,000 – Rp15,000/hari	2	20
	Overtime	DL, KI, PB, RK, IO, SD, EC, AC	Rp10,000 – Rp33,000/jam	8	80
	Yearly BOnus	DL, KI, RK, MK, IO, AC	Rp200,000 – Rp1,000,000	6	60

Table 4. Comparison of internal salary to external salary

Employment	Internal Salary Survey Average (Rp)	External Salary Survey Average (Rp)	Difference between Internal and External Salaries (Rp)	Percentage Difference (%)	Information
General Manager	4,540,000,-	4,975,000,-	-435,000,-	-10	Internal < External
Executive Chef	3,081,818,-	3,550,000,-	-468,182,-	-15	Internal < External
Marketing Staff	3,025,000,-	3,541,667,-	-516,667,-	-17	Internal < External
Pastry Chef	2,627,273,-	2,945,000,-	-317,727,-	-12	Internal < External
Accounting Staff	2,375,000,-	2,750,000,-	-375,000,-	-16	Internal < External
Driver	2,300,000,-	2,725,000,-	-425,000,-	-18	Internal < External
Cashier	2,012,500,-	2,018,750,-	-6,250,-	-0,3	Internal < External
Counter Server Staff	1,995,000,-	1,891,667,-	103,333,-	5	Internal > External

Developing Pay Structure and Scale Using the Dual Point Method

Prior to establishing the recommended Pay Structure and Scale for Micro and Small Businesses, an analysis of salary mapping was conducted to understand the existing salary structure within the Micro and Small Businesses. The analysis involved calculating the spread and Mid-to-Mid values within the actual pay structure and scale. The results of these calculations are presented in Table 5.

Based on Figure 3, it's evident that the current salary structure is not ideal due to the presence of mid-to-mid values being larger than the spread values. The optimal salary structure should have all mid-to-mid values smaller than the spread values. Additionally, the spread within the Pay Structure and Scale is

irregular, highlighting the need for improvement. The improvement process is guided by the Indonesian Minister of Manpower Regulation Number 1 of 2017 concerning the Pay Structure and Scale using the dual point method.

When formulating the Pay Structure and Scale using the dual point method, several steps need to be followed, including: (1) compiling a list of positions and their corresponding salaries, (2) determining the number of job position groups, (3) creating a new format for the Pay Structure and Scale table, (3) determining the spread through simulation calculations to achieve a balanced unpaid condition across 104 employee salaries, resulting in a 95% spread for the staff cluster, 110% for the supervisory cluster, and 115% for the manager cluster, (3) Calculating the Mid-Point Value through the following calculations:

Equation 1 (Point A)

X1 = Job Position Group = 1

Y1 = Lower Mid-Point Salary = Rp1,891,667 (external salary for group 1)

Equation 2 (Point B)

X8 = Job Position Group = 8

Y8 = Upper Mid-Point Salary = Rp4,975,000 (external salary for group 8)

Calculating the value of b:

Equation 2 (Point B) Rp4,975,000 = a + b(8)

Equation 1 (Point A) $\frac{Rp1,891,667}{7} = a + b(1)$

Rp3,083,333 = b(7)

b = Rp440,476

Calculating the value of a by substituting b (Rp440,476) into Equation 1:

Equation 1 (Point A)

Rp1,891,667 = a + Rp440,476(1)

a = Rp1,891,667 – Rp440,476

a = Rp1,451,190

With the obtained values of a and b from the calculations above, the middle salary values for groups 2-7 can be calculated using the linear equation $Y = a + b(x)$. (4) Calculate the Lowest and Highest Pay using the formulas: Lowest Pay = (2 x Mid-Point Salary) / (Spread + 2) and Highest Pay = ((2 x Mid-Point Salary) x (Spread + 1)) / (Spread + 2).

Based on Table 6 and Figure 4, it is evident that the Pay Structure and Scale have become ideal, as all mid-to-mid values are now smaller than the spread values. Additionally, the spread values are increasing progressively across different job clusters. Based on the analysis, all actual salaries have fallen within the Inpaid condition. This indicates that the actual salaries align with the recommended Pay Structure and Scale through the dual point method, and there is no need for additional operational salary costs. Micro and Small Businesses only need to adjust their previously non-ideal Pay Structure and Scale according to the recommended results.

Table 5. Salary mapping

Job Title	Cluster Wage Structure and Scale Table				Mid to Mid (%)	Spread (%)
	Actual					
	Total Person (Rp)	Min. Salary (Rp)	Mid Point Salary (Rp)	Max. Salary (Rp)		
Counter Server Staff	23	1,500,000,-	2,000,000,-	2,500,000,-	14	53
Cashier	6	1,850,000,-	2,175,000,-	2,500,000,-	2	35
Driver	6	1,950,000,-	2,225,000,-	2,500,000,-	15	28
Accounting Staff	8	2,250,000,-	2,550,000,-	2,850,000,-	10	27
Pastry Chef	35	2,510,000,-	2,805,000,-	3,100,000,-	9	24
Marketing Staff	5	2,800,000,-	3,050,000,-	3,300,000,-	6	18
Executive Chef	9	2,950,000,-	3,225,000,-	3,500,000,-	53	19
General Manager	10	3,400,000,-	4,950,000,-	6,500,000,-		91

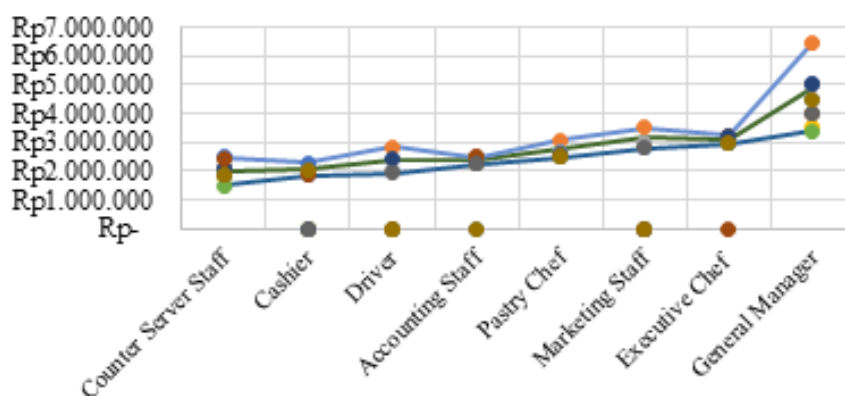


Figure 3. Chart of salary mapping

Table 6. Structure and Wage Scale Recommendation

Cluster	Group	Job Tittle	Cluster Wage Structure and Scale Table				Mid to Mid (%)	Spread (%)
			Actual					
			Total Person (Rp)	Min. Salary (Rp)	Mid Point Salary (Rp)	Max. Salary (Rp)		
Staff	1	Counter Server Staff	23	1,282,486	1,891,666	2,500,847	23	95
	2	Cashier	6	1,581,113	2,332,142	3,083,171	19	95
	3	Driver	6	1,879,741	2,772,619	3,665,496	16	95
	4	Accounting Staff	8	2,178,369	3,213,095	4,247,820	14	95
	5	Pastry Chef	35	2,476,997	3,653,571	4,830,145	12	95
	6	Marketing Staff	5	2,775,625	4,094,047	5,412,469	11	95
Supervisory	7	Executive Chef	9	2,925,499	4,534,523	6,143,548	10	110
Manager	8	General Manager	10	3,158,730	4,975,000	6,791,269		115

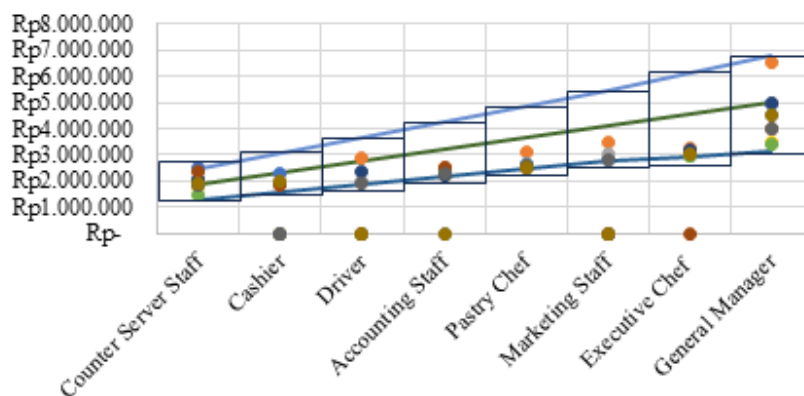


Figure 4. Chart of Structure and Wage Scale

Furthermore, when aligned with the wage regulations stipulated in Government Regulation No. 36 of 2021, Micro and Small Businesses can provide a minimum wage based on two conditions: (1) 50% of the Provincial Consumer Price Index (CPI) average, which amounts to $50\% \times \text{Rp}1,323,994 = \text{Rp}661,997$, and (2) 25% above the provincial poverty line, which is $\text{Rp}408,985 + (\text{Rp}408,985 \times 25\%) = \text{Rp}511,231$. Calculations show that the recommended Pay Structure and Scale have met the minimum limits set by Government Regulation No. 36 of 2021.

Implications of Managerial

When analyzing the level of competitiveness among the 10 Micro and Small Businesses, KI emerges as the most competitive due to its higher revenue (3.6 billion) and assets (6 billion). KI is also the oldest business,

established since 2003, and its owner has a strong business background. Other businesses can enhance their competitive advantage by implementing both internal and external fairness in their compensation strategies.

Internal equity can be achieved through the implementation of recommended pay structures and scales that have been designed by the researcher. So that there is no salary below the minimum wage and exceeds the salary at the level of the position above. In addition to the application of the structure and wage scale, internal justice can also be achieved by applying the 3P principle (pay for person, pay for position, pay for performance), including: (1) Pay for Person: This involves base salary, meal allowances, holiday bonuses (THR), BPJSKES (health insurance), and BPJSTK (work-related accident insurance) (2) Pay for

Position: This includes overtime pay and transportation allowances (3) Pay for Performance: This consists of bonuses and incentives. Meanwhile, external fairness can be achieved through: (1) Attract: Implementing wage structures and scales based on research findings (2) Retain: Providing comprehensive financial compensation, including base salary, fixed allowances, variable allowances, bonuses, and incentives (3) Engage: Clarifying job descriptions for each job category in accordance with the National Restaurant Association standards

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The Culinary Micro and Small Businesses have provided appropriate financial compensation components, including basic salary, THR, and meal allowances. However, some financial compensation components such as family allowances, education allowances, health insurance (BPJSKES), and pension insurance (BPJSTK) have not yet been fully implemented. Achieving internal fairness through the 3P principles requires a comprehensive compensation package that includes basic salary, meal allowance, overtime pay, THR, health and pension insurance (BPJSKES and BPJSTK), transportation allowance, and performance-related bonuses and incentives. Similarly, external fairness can be achieved through attraction, retention, and engagement strategies. The existing Pay Structure and Scale were not ideal due to mid-to-mid values being greater than the spread. The structure was improved using the dual point method, resulting in salaries aligning with the recommended structure without requiring additional operational costs.

Recommendations

Micro and Small Businesses should implement a Pay Structure and Scale in their operations. Those without such a structure can adopt the recommended Pay Structure and Scale presented in the research. To achieve internal and external fairness through the 3P and attract-retain-engage principles, each small business can implement the recommended solutions. This will enhance their managerial quality in terms of compensation strategy. Future research can encompass different regions or provinces in Indonesia to provide a broader comparison of salary surveys. Expanding the

scope of research subjects would also be beneficial, as this study had limitations in terms of the research subjects.

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