

Does the Wage System Play a Role in Maintaining Employee Loyalty?

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ABSTRACT

Every employee who works definitely needs appropriate compensation or remuneration from the company. Compensation is one of the reasons why employees work. The purpose of this research is to determine the wage system and employee loyalty at UD. Al Amien and to find out the role of the wage system on employee loyalty in that place. The location of this research is on Jl. Ahmad Yani No. 200, Gabru, Banyuwangi, Kec. Gurah, Kediri Regency. This research uses a descriptive qualitative approach, namely a method used to examine objects in natural conditions. The researcher acts as a key instrument in the data collection process which is carried out by observation, interviews, and recording or documentation and the research results emphasize meaning rather than generality. The results of this research show that the wage system implemented by UD. Al Amien is very flexible and is given every week according to the number of employee attendance. Employee loyalty is also quite high, this is reflected in good performance and compliance with applicable regulations. Even though the company provides wages below the minimum wage standards set by the government, employees still feel satisfied and consider these wages to be sufficient for their daily needs.

INTRODUCTION

In an organization, human resources (HR) are the most important thing compared to other resources. Without HR in the company, it is certain that an organization will not be able to move. Human resources are planners, actors and determinants of the success of an organization or company. Competent and well-performing human resources are needed to achieve company goals. Thus, HRM, not only about the importance of effective and efficient performance, but also about the importance of an employee's value, because one of the vital elements in a company is employee competence which makes a real contribution to the company.

Every employee who works definitely needs appropriate compensation or remuneration from the company. Compensation is one of the reasons why employees work. Employees work by providing knowledge, insight, skills, energy, time and commitment, to contribute to the company, but on the other hand employees also have other goals to achieve, such as compensation for the performance and efforts given to the company. The expected compensation can be in the form of wages/salaries, bonuses and commissions.

Wages are remuneration paid by the company to daily workers based on a predetermined agreement. Salary is the amount paid to workers as compensation for their participation in production activities. Wage determination must be based on an agreement, wages are considered to be the result of an agreement between workers and employers based on consideration of the needs and abilities of both parties. Workers will try to get the highest possible wages according to the value of their contribution to production, while entrepreneurs will try to pay wages that are as fair as possible according to the company's capabilities and market conditions. And money is a marker of the current level of payments. The provision of salaries by companies has important implications for the level of productivity, work motivation, employee welfare, and the level of loyalty to the workforce.

Employee loyalty can be influenced by a number of factors, including the compensation or income offered. Compensation plays an important and large role in attracting workers to work efficiently, creatively and feel comfortable in the context of the company environment. Thus, providing compensation that is fair, appropriate and proportional to the effort or contribution made by employees is very crucial.

Salary has an impact on the level of employee loyalty, which means that the better the compensation a person receives or the better the compensation system implemented by the company, the higher the level of employee loyalty. To increase employee loyalty, companies must also pay attention to job satisfaction by meeting employee needs, both physically and psychologically. Thus, there is a correlation between the compensation system implemented and the level of employee loyalty.

UD. Al-Amien is an industry that operates in the "Siung Mas" corn marring food product located in Gabru Village, Gurah District, Kediri Regency. UD Al Amien employees' wages are IDR 45,000 / day and are given every week, but actually the UD HM wage system is based on an agreement between the

owner and employees, wages can be given weekly or even monthly. If an employee is absent for one day, that day the employee will not receive wages/salary. Employees at UD. Al Amien come from relatives and neighbors who live around the factory. Number Turn over employees are relatively small and employees are rareresign from UD. Al Amien.

Based on the explanation above, researchers are interested in conducting research with the title "Does the Wage System Play a Role in Maintaining Employee Loyalty?"

LITERATURE REVIEW

Mangkunegara (2005:120) suggests that there are 2 (two) factors that influence job satisfaction, namely factors existing in employees and their work factors. Factor that exist in employees, namely intelligence (IQ), skills specifics, age, gender, physical condition, education, work experience, years of service, personality, emotions, ways thinking, perception, and work attitudes. Meanwhile, work factors namely type of work, organizational structure, rank (class), position, quality of supervision, financial security, opportunity job promotions, social interactions, and work relationships.

METHODOLOGY

In this research, a descriptive qualitative approach was used. The descriptive qualitative approach is a method used to research objects in natural conditions, where the researcher acts as a key instrument in the data collection process which is carried out using observations, interviews, and recording or documentation and research results emphasize meaning rather than generality. The purpose of this research is to determine the wage system and employee loyalty at UD. Al Amien and to determine the role of the wage system on employee loyalty in that place. The location of this research is on Jl. Ahmad Yani No. 200, Gabru, Banyuanyar, Kec. Gurah, Kediri Regency.

RESEARCH RESULT AND DISCUSSION

Wage System

1. Definition of Wages

Wages are rewards given by business owners to workers who perform tasks that require physical strength; Usually this payment is given daily, per unit of work, or based on previous agreement. The level of compensation provided to workers will make it possible to recruit individuals who are trainable and responsible within the organizational structure.

According to conventional economics, providing rewards to workers is divided into two categories, namely salary and wages. Salary is a term generally used in government agencies, while wages usually refer to compensation provided by private companies.

2. Types of Wages

a. Remuneration is seen from the form of payment

In economic terminology, the compensation system for workers is divided into two categories, namely salary and wages. Salary refers to the rewards given to professional workers, and generally given monthly.

Meanwhile, wages refer to the rewards given to manual workers whose duties are not permanent.

b. Remuneration in terms of nominal wages and real wages

In the context of the labor market, two types of wages are distinguished: nominal wages and real wages. Nominal wages refer to payments given by business owners to workers in return for the physical and mental abilities they contribute to production activities. Meanwhile, real wages are the level of wages measured based on the ability of these wages to purchase goods and services needed by workers to meet their needs.

3. Wage System

According to the method of determining wages for workers, there are various compensation systems, including the following:

a. Term wage system

According to this wage system, wages are determined based on the length of time a worker spends doing work in accordance with the wage structure applied. Payments given can be per hour, per day, per week, up to per month, with various options available to apply.

b. Piece wage system

This compensation system is generally used for jobs where the output can be measured in certain units. A piecework wage system is often applied as a substitute for a long-term wage system if work results are unsatisfactory.

c. Consensus wage system

This wage system is generally applied to specific jobs, such as in road construction projects. Compensation is paid to a team or group of workers, not to individual individuals.

d. The wage scale system changed

There is a relationship between the compensation received and the selling price of the company's goods when this compensation system is implemented. This payment structure can be used in export businesses where the price of goods sold is determined by the international market. Rewards will fluctuate up or down in response to changes in the selling price of the company's goods.

e. Index wage system

This compensation system depends on changes in the index or cost of living values. These fluctuations in wages do not affect the actual value of earnings.

f. Profit sharing system

This system refers to providing wages or profit sharing at the end of the year when the company completes the bookkeeping and makes significant profits. This wage is given in addition to the wages received by the worker for a certain period of time.

4. Function and Purpose of Wages

The function and purpose of wages are:

- a. Allocate Human Resources (HR) efficiently.
- b. Utilize Human Resources more efficiently and effectively.
- c. Generating economic stability and growth

Meanwhile, the purpose of giving wages is influenced by eight factors, namely:

- a. Obtaining quality employees.
- b. Defending existing officers
- c. Ensure justice
- d. Rewards for employee performance.
- e. Control costs.
- f. Comply with applicable legal regulations.
- g. The influence of labor unions.

Work Loyalty

1. Definition of Loyalty

Loyalty comes from the word "loyal" which means faithful. Loyalty in the work context is the employee's willingness and responsibility organization where they work. Employee loyalty is manifested in the use of all the resources they have, such as abilities, skills, ideas and time, to support the achievement of company goals, while maintaining the confidentiality of company information during their employment.

Employee loyalty includes employees' professional attitudes or behavior towards their workplace and company leadership, which is in line with the code of ethics or regulations applicable in the company. This attitude reflects employee loyalty to their workplace.

Employee loyalty is the loyalty shown by an employee towards his workplace, regardless of the condition of the company, both in good times and bad. Therefore, companies must provide commensurate rewards in return for this loyalty. Employee loyalty can be strengthened and increased by providing compensation or salaries that are comparable to industry standards, maintaining a family atmosphere, providing a sense of security, and meeting employees' living needs.

2. Employee Loyalty Indicators

In PP Number 10 of 1979 concerning assessment, loyalty has several elements as follows:

- a. Obedience or obedience
- b. Responsibility
- c. Devotion
- d. Honesty

Employee Wage System at UD. Al Amien, Gabru, District. Gurah, Kediri Regency

The wage system implemented at UD. Al Amien, Gabru, Banyuwangi, District. Gurah, Kediri Regency is included in the term wage system. The term wage system is a wage system that is based on the length of time a person does their work. This wage system is usually given hourly, daily, weekly and monthly.

Based on interviews conducted by the author at UD. Al Amien, Gabru, Banyuwangi, District. Gurah, Kediri Regency, the amount of wages and the wage system are conveyed to employees when new employees join, this is intended to create transparency between employees and business owners. Employees receive a daily wage of IDR 45,000, the wages given are the same for all employees, both new and old, because the workload is the same and is done together and it doesn't take long to learn this job, from drying corn, frying to the packaging process. marning. Wages are given per week to employees according to the number of days the employee is present, meaning that if the employee is absent for 2 days, for example, his wages will be deducted by 2 days, or he will only receive wages for 5 working days. The work atmosphere is friendly, full of family and mutual cooperation in completing work together. It is not uncommon for employees to borrow money from UD owners. Al Amien with a salary deduction payment system.

Employee Loyalty at UD. Al Amien, Gabru, District. Gurah, Kediri Regency.

Effective management of the wage system in a company can have a positive impact on the company's survival in the future. If the company is able to manage employees by offering a fair compensation system, employees will tend to give their best efforts for the progress of the company. The better the payroll system implemented by the company, the higher the level of loyalty that employees have.

Employee loyalty is an attitude or action that is in accordance with company rules and ethics, which is influenced by the individual's loyalty to his or her job. Loyalty includes commitment and a sense of ownership of the company.

Further in this discussion we will analyze the implications of the wage system for employee loyalty. Based on the results of the author's research, according to the owner of UD. Al Amin, employee loyalty is an important thing. With the loyalty that employees have, this will greatly benefit the company and the employees themselves. Employee loyalty has a positive impact on the progress and development of the company and can increase the level of employee dedication to the company. On the side employees, a high level of loyalty can make the tasks they carry out feel easier or lighter.

It can be concluded that the loyalty of employees at UD. Al Amien is quite high if seen from the description above. However, there are several other indicators that can show the extent of employee loyalty, including:

1. Compliance or obedience

Obedience or compliance reflects an attitude of respecting and complying with applicable regulations, including written and unwritten rules. A high level of compliance is seen in UD. Al Amien, can be seen from employee discipline regarding working hours as well as minimal tardiness and absenteeism. In addition, in research, it was found that after work, employees

also clean their work environment, which is an indicator of employee compliance.

2. Responsibility

Responsibility includes obligations to work, superiors, companies and society. Responsibilities of employees at UD. Al Amien is reflected in their adherence to schedules and their ability to achieve targets set by management. Apart from that, employees also clean up the equipment they have used before they go home.

3. Devotion

Devotion and loyalty are an inseparable part of employees. At UD. Al Amien, devotion is shown through dedication high levels of work, as well as a work atmosphere that creates a sense of family between business owners and employees, which in turn increases their motivation and dedication. This is reflected in the levelsturn over low employees.

4. Honesty

Honesty is an essential principle that must be upheld by every individual, both in aspects of daily life and in professional contexts. Employees at UD. Al Amien shows a high level of honesty, by communicating each task and target in accordance with the reality on the ground. From the description of the indicators used to view employee loyalty, employee loyalty to UD. Al Amien can be said to be high.

The Role of the Wage System on Employee Loyalty at UD. Al Amien

In the theoretical framework used by researchers, the wage system implemented by a company or organization can strengthen employee loyalty. Providing wages commensurate with the value and time invested by employees, as well as providing bonuses as a reward for good performance and perseverance, are steps that make employees feel appreciated for their dedication and efforts.

According to Hasibuan in his work Human Resource Management, loyalty is reflected in employee loyalty in maintaining reputation companies and provide support for their companies in the face of irresponsible people.

According to regulations set by the government, wages are the rights received by workers or laborers in the form of payment of money as compensation from entrepreneurs or business owners, in accordance with agreements stipulated in work agreements, statutory regulations, or mutually agreed agreements. This includes benefits given to workers or laborers and their families as compensation for work or services that have been performed or will be performed.

Wages have an important role in influencing employee loyalty, which includes loyalty, devotion and commitment to working harder for the company's progress and reputation. Employees' lack of loyalty may be due to an inadequate and substandard wage system, which can be reflected in a lack of motivation, poor performance, and reduced work productivity.

The wage problem is significant because wages have a broad impact on the entire community. According to Syarif Chaudry in his work on the Islamic Economic System, if workers do not receive sufficient wages, this will have a negative impact on their work motivation and their ability to purchase goods and

services. Providing wages that are fair and in line with standards will also stimulate high motivation among employees, which in turn will increase their performance. The impact, of course, will be seen in the company's earnings.

The wage system implemented at UD. Al Amien has succeeded in strengthening employee loyalty by providing competitive wages and holiday allowances. Even though it does not provide guarantees like health insurance, this approach is still effective in maintaining employee trust and loyalty to the company.

According to the experience of employees at UD. Al Amien, factors other than salary that strengthen their loyalty include harmonious relationships between fellow employees, social activities that have a positive impact on society, fair leadership oriented towards the common good, availability of places of worship, and regulations. which is inclusive and supports employee freedom and rights.

Employees at UD. Al Amien show loyalty to their workplace not only because of wages, but also because of several other aspects. One of them is a good relationship between company owners and employees, as well as the company's awareness of its responsibilities towards employees and the surrounding community. Apart from that, loyalty is also influenced by the social responsibility carried out by the company owner towards the surrounding environment.

CONCLUSIONS AND RECOMMENDATIONS

The wage system implemented at UD. Al Amien, Gabru Village, District. Gurah, Kediri Regency uses a term wage system, where wages are paid daily to monthly. UD Al Amien provides employees with wages every week, it is not uncommon for employees to have debts to the factory with payments paid in installments from salary deductions every week.

Employees at UD. Al Amien show a high level of loyalty, which is reflected in good performance and compliance with applicable regulations. Even though the company provides wages below the minimum wage standards set by the government, employees still feel satisfied and consider that the wages are sufficient for their daily needs and help with family finances.

The payroll system implemented at UD. Al Amien has succeeded in increasing employee loyalty, but it is not only wages that play a role in this. A leadership style that is fair and builds a sense of family, a comfortable work environment, harmonious relationships with colleagues, and corporate social responsibility also contribute to strengthening employee loyalty. UD. Al Amien does not only focus on profits, but also pays attention to employee comfort and the welfare of the surrounding community.

ADVANCED RESEARCH

Every research certainly has limitations. Limitations in the sense of research limitations that affect the ability of researchers to explore the data being studied, limitations of available data, or external research factors such as limited time and resources. So that further research is needed for the perfection of this research.

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