



# Implementation of Concepts Management Strategy 7s Mckinsey for Start-up Business: Fruit Combining

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## Implementation of Concepts Management Strategy 7s Mckinsey for Start-up Business: Fruit Combining

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**Abstract:** Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. Despite the clear importance of this management area and the apparent problems associated with its execution it has, however, been substantially neglected by industries. The objective of the study is to determine the barriers to strategy execution in start-up business food combining focusing on vision barrier, leadership barrier, process barrier and people's behaviour barrier. The study constitutes the review of theoretical and empirical literature relevant to the subject. The key barrier to strategy execution was identified and discussed: including a vision barrier, leadership barrier, process and resources barrier and people barrier. The research was compiled from the theoretical, conceptual and empirical review of the literature and a summary and conclusion was drawn. Translation of vision to clear objective and to align it to strategy remains a big challenge. Also leadership style, approach and perceptions are critical to implementation in addition to the leader's role of communicating strategy to the employee. Failure to adopt the best approach with a given type of strategy and employing the best communication tactic implementation is likely to fail. Aligning process resources, structures and program in the implementation of the strategy are also critical to implementation failure to which a problem is likely to occur. Moreover, individual's behaviours determine if the strategy will be implemented or not. Individuals must be assigned duties that motivate them otherwise they will not be committed to the organization operations. The author recommends that specific studies be conducted on effective tools to measure and control performance to assist in overcoming barriers to strategy execution.

### 1 INTRODUCTION

How do you go about analysing how well your organization is positioned to achieve its intended objective? This is a question that has been asked for many years, and there are many different answers. Some approaches look at internal factors, others look at external ones, some combine these perspectives, and others look for congruence between various aspects of the organization being studied. Ultimately, the issue comes down to which factors to study.

While some models of organizational effectiveness go in and out of fashion, one that has persisted is the McKinsey 7-S framework (Hanafizadeh and Ravasan, 2011; Singh, 2013; Alshaher, 2013; Gyepi-Garbrah and Binfor, 2013; Teh and Corbitt, 2015). Developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company

consulting firm, the basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful.

The 7-S model can be used in a wide variety of situations where an alignment perspective is useful, for example, to help to:

- Improve the performance of a company.
- Examine the likely effects of future changes within a company.
- Align departments and processes during a merger or acquisition.
- Determine how best to implement a proposed strategy.

The McKinsey 7-S model can be applied to elements of a team or a project as well. The alignment issues apply, regardless of how you decide to define the scope of the areas you study.

The McKinsey 7-S model involves seven interdependent factors which are categorized as

either "hard" or "soft" elements as shown in Figure 1.

Hard Elements	Soft Elements
Strategy	Shared Values
Structure	Skills
Systems	Style
	Staff

Figure 1: Seven Interdependent Factors

"Hard" elements are easier to define or identify, and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems. "Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful.

The way the model is presented in Figure 2 depicts the interdependency of the elements and indicates how a change in one affects all the others.

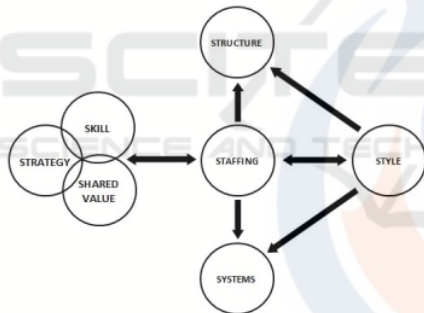


Figure 2: Concept of Human Resource Management (Source: Harvard Business School Management Consulting Club)

Let's look at each of the elements specifically:

- Strategy: the plan devised to maintain and build competitive advantage over the competition.
- Structure: the way the organization is structured and who reports to whom.
- Systems: the daily activities and procedures that staff members engage in to get the job done.
- Shared Values: called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- Style: the style of leadership adopted.

- Staff: the employees and their general capabilities.
- Skills: the actual skills and competencies of the employees working for the company.

## 2 PT Redceri INDONESIA

PT Redceri Indonesia is a new company engaged in Fruit Combining. The company is located in Warehousing Area Bizlink Block X11/20 Citra Raya, Jl. Pemda Tigaraksa. The location is included in the administrative area of Sukamulya, Cikupa Sub-district, Tangerang District, Banten Province. The company offers Fruit Combining products in the form of a combination of jelly with fresh fruits in the packaging.

The selection of PT Redceri Indonesia products is based on the high level of public awareness to consume the fruit but collide with various obstacles to implement it. Today people are well aware that consuming fruits regularly in sufficient quantities, can meet the intake of nutritional needs for the body, such as vitamins, phytochemicals, fibre, and minerals, and help reduce the risk of many diseases. However, the constraint of the majority of people to self-consume fruit is a matter of practicality, especially if the fruit consumed has a thick skin that needs to be peeled first. Besides other obstacles is not easy to keep the freshness of fruit and consumer behaviour shift from conventional way to the instant way. Many people who feel bothered to eat fruit, but this cannot be an excuse. To bridge this constraint then PT Redceri Indonesia offers a practical product (ready to eat) without ruling out the essence of the benefits of consuming fresh fruit.

## 3 THE COMPANY'S VISION AND MISSION

The vision of PT Redceri Indonesia is "To be the best company in the food and beverage industry by creating natural products".

The company's mission is as follows:

- Providing natural products by utilizing hygienic preservation technology.
- Maintain and increase employee potential by developing science.
- Maintaining the integrity of the corporate chain.

While the goal of the company is to become a leading food and nutrition company and be trusted by all stakeholders and to be a reference for joint



benefit creation initiatives. With Fruit Combining products offered, the company targets to gain a 5% market share of fruit demand in the first year of production.

Redceri Pure Fruit Jelly's product tagline is 'Your Pure Fruit Jellicious', while its positioning statement is 'For a healthy Indonesian people'. Redceri Pure Fruit Jelly is a Fruit Combining that combination of jelly with fresh fruits as a halal product and also as practical and tasteful vitamin intake which is different because of only Redceri Pure Fruit Jelly as domestic products that processed in hygienic and modern technology.

Based on Figure 3, the positioning statement is formed upon:

**Target Segment:** Indonesian healthy people.

**Brand Name:** Redceri Pure Fruit Jelly.

**Frame of Reference:** Fruit Combining combination of jelly and fresh fruits.

**Point of Differentiation:** As a halal product and also as practical and tasteful vitamin intake which is different.

**Reason to Believe:** Domestic products are processed in a hygienic and modern technology.

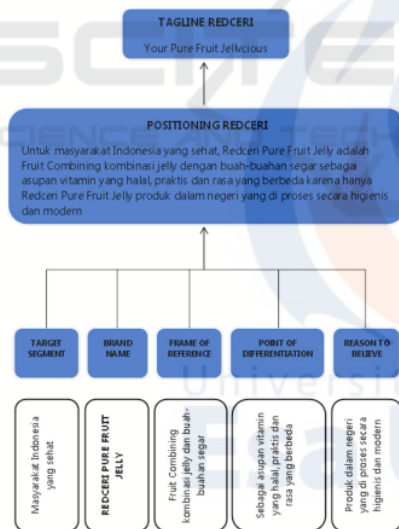


Figure 3: Positioning Statement

#### 4 COMPANY'S STRATEGY

PT Redceri Indonesia's strategy is to strengthen Research & Development to conduct market

research and product development; this is to support the market penetration strategy in the medium term from all-around marketing to multi-segment marketing based on market segmentation that has been done by the company. To that end, in the management of human resources the company designs to emphasize systematic plans and comprehensive actions to ensure the success of the company's operations.

In the selection of generic strategies, the company considers that the new company will now enter the Fruit Combining industry. According to Porter (1985), as a new company will enter into industry, then to catch up with other competitors who have been in the industry there are only two choices of generic strategies, namely, focus on low cost or differentiation.

In the Fruit Combining industry, the focus of consumers is to find the product with the lowest price, good taste, healthy and easy to get. In line with the results of Porter Five Forces analysis (Narayanan and Fahey, 2005; E. Dobbs, 2014; Grundy, 2006; Porter, 2008; Siaw and Yu, 2004) that has been done by the previous company, then a suitable strategy to be applied by the company as a newcomer company is a low-cost focus. As the first local company to produce Fruit Combining, it allows the company to offer a lower total cost compared to that offered by competitors from overseas. The company does this by utilizing the difference between distribution cost and import duty.

Strategies can be identified by most elements of the organization's orientation to market product development, previous research state that there are four types of strategies, namely Prospectors, Defenders, Analysers, and Reactors. 'The focus is primarily on strategy and its correlation, not the process used to formulate and implement the strategy'.

As for the overall objectives of the company is divided into three strategies that will be executed as follows:

**Short-Term:** Offering Fruit Combining products for DKI Jakarta and Banten communities of 16-30-year-olds with a focus on low-cost and all-around marketing strategies. At this stage, the company places itself as a stage Analysers, i.e. follow the products that have entered the market first.

**Medium-Term:** Develop Fruit Combining product with the development of variant and taste based on age group of Jakarta and Banten. At this stage, the company positioned itself as a Prospectors by

leveraging the power of RND by creating products of different types and styles.

**Long-Term:** Expanding the market for Fruit Combining products in Indonesian territory outside DKI Jakarta and Banten.

Corporate strategy, for the medium term, is to do various marketing multifarious. Currently, competitors are entering the market with the same marketing, offering their products in general (general) without segmenting the needs of Indonesian consumers. The ease of the company to segment the Indonesian market supports the company to enter the market with various miscellaneous marketing, which classifies the market based on the level of consumer needs resulting from market research conducted by developing several types of products offered.

## 5 COMPANY'S SHARED VALUE

Corporate culture is similar to a person's personality. Corporate culture is shared norms that act as the basis for an individual in the organization. Because corporate culture has a strong influence on the behaviour of all employees, the corporate culture also has a major impact on the company's ability to change its strategic direction. If within the company there is a change in mission, objectives, strategy or policy, if steps are taken by the corporate culture, then the process of strategy implementation will be easier to do.

Culture as defined above can be regarded as a set of values or beliefs that produce certain patterns of behaviour collectively in the corporation. With these shared values, the common problems that arise as a result of environmental changes can be effectively overcome because there is a togetherness built on mutual trust with each other.

Based on the culture definition, the company's company has a work culture motto: "Quality first, working hard and family number one".

The family is defined as internal and external parties that are interconnected in the company's business processes. Internal party refers to all employees of the company along with their respective families, while the external party refers to the working partner that is the supplier, distributor and customer. With a family culture that is upheld by the company will produce the best quality of service.

Reflecting on the motto, the company describes the corporate culture as shown in Table 1.

Table 1: The Corporate Culture Describe

PENJABARAN BUDAYA PERUSAHAAN
<b>Kualitas Produk dan Kinerja</b> Berdasar pada output perusahaan yang merupakan produk makanan, kualitas produk dan kinerja merupakan hal penting dalam proses produksi perusahaan yang menjadi fokus utama setiap komponen perusahaan baik di level manajemen maupun karyawan.
<b>Disiplin, Kerja Keras dan Integritas</b> Budaya perusahaan yang mengedepankan disiplin, kerja keras dan integritas akan menghasilkan pelayanan terbaik kepada customer.
<b>Kekeluargaan</b> Membangun budaya kekeluargaan secara proporsional baik dalam lingkungan internal perusahaan (perusahaan dan karyawan) maupun eksternal, yakni hubungan baik dengan supplier dan customer agar terciptanya suasana yang kondusif demi keberlangsungan perusahaan di masa depan.

## 6 DEVELOPMENT AND TRAINING (SKILL)

Development is a process created to improve conceptual ability, decision-making ability, and expand relationships. Training is a process created to increase knowledge and technical skills, or improve employee performance. The purpose of development and training are:

- Introduction of business background, rules and work patterns.
- Embed the culture, vision and mission of the company.
- Ensure employees reach the standards set by the company.
- Increasing employee productivity.
- Maintain the quality of products and services.
- Increasing company sales.

There are four major stages in training and development, i.e.:

### a. Assessing training needs

The main objective of determining the need for this training is to gather as much relevant information as possible to find out and/or determine whether or not the training within the company is necessary. In this stage there are three kinds of training needs:

- General treatment need  
Assessment of training needs for all employees in a job classification regardless of data on the performance of a particular employee.
- Overstable performance discrepancies



Assessment of training needs to be based on observations on issues, interviews, questionnaires, and performance evaluations/assessments, performed by each employee.

b. Designing a training program

▪ Training Methods

The technique used by the company is on the job training, i.e. employees are trained on new jobs by an experienced trainer, usually other more senior employees.

▪ General Principles for Training Methods

The chosen training method should meet the following principles:

- Motivate the trainees.
- Showing the skills.
- Must be consistent with training content.
- Participants participate actively.
- Provides opportunities for skills expansion.
- Provide feedback.
- Encourage from training to work.
- It must be cost effective.

c. Evaluating training program effectiveness

The purpose of this stage is to test whether the training is effective in achieving its established goals.

d. Training plan

Table 2: Training Plan

Pelatihan	Bulan Ke											
	1	2	3	4	5	6	7	8	9	10	11	12
New Employee & On The Job Training												
Interpersonal & Communication Skill												
Managerial Skill												
Supervisory Course												
Quality Control Technique & Method												
Productivity												
Safety Issue												
Public Speaking												
Negotiation Skill												
Business law												
Accounting & Tax												

## 7 ORGANIZATIONAL STRUCTURE, TYPE AND HUMAN RESOURCES

The purpose of organizational structure planning and human resources for PT Redceri Indonesia are:

- Provide a compassionate employee.
- Be the best workplace for employees.
- Being a place of training and employee development that will support the company's strategic goals.

The goal of organizational structure and human resource planning for PT Redceri Indonesia are:

- Keep the turnover rate not exceed 1% per year.
- Allocate funds for employee development and training, range Rp. 100,000,000.- up to Rp. 200,000,000.-.

The company adopts Traditional organizational structure. This structure is based on the functions of divisions and departments. This is the type of structure that follows the rules and procedures of the organization. Characterized by a clear line of authority across all levels of management.

The type of structure used is the functional structure - this type of organizational structure group people according to the function they perform in the professional life or according to the function performed in the organization.

The organization is headed by a Director and 4 Managers who are divided according to their respective departments. The organisational structure of the company is shown in Figure 4.



Figure 4: Organizational structure of the company

## 8 COMPANY REGULATIONS (SYSTEM)

Personnel regulations are the rules that are used by the company to control all employees to work according to the plan set by the company. Furthermore, if the middle of the journey turns out there are irregularities or errors must be held corrective action or improvement and refinement of the plan. Employee attendance, discipline, behaviour, cooperation, job execution and keeping the work environment situation are the things that should be controlled by the company. The regulations include: working day and overtime regulations; Rest and leave regulations, employment relations and termination of employment.

In the Working Day Regulations, Working Hours and Company Overtime Calculations refer to UU No. 13 of 2003 on Manpower; Kepmenakertrans No. 102/MEN/ VI/2004 on Overtime and Overtime

wages. As for the regulation of leave and rest days the company refers to Article 79 paragraph 1-5, UU No. 13, 2013 on Manpower. As for the regulations of Employment Relations and Termination of Employment (PHK) companies refer to Article 156 and Article 160 to Article 169 of UU No. 13 of 2003 on Manpower.

One of the important parts that became the object of attention of company regulations is occupational safety and health (OSH). Occupational Health and Safety is outlined in the Employment Agreement whereby the company and each worker are fully aware that OSH is a shared obligation and responsibility. In the event of a violation, the company will apply sanctions.

The focus of the company in implementing K3 are:

- Preventing a work accident.
- Prevent occupational diseases.

The company's policy regulation about Occupational Safety and Health (OSH) is adjusted according to the following rules:

- UU No. 13 Year 2003 on Manpower.
- UU No. 1 of 1970 on Occupational Safety.
- Law no. 23 of 1992 on Health.

The objectives of occupational safety and health are as follows:

- In order for each employee to be guaranteed safety and health work both physically, socially, and psychologically.
- In order for operational activities to run smoothly.
- In order for every equipment and work equipment to be used as well as possible.
- For all production to be kept secure.
- In order for a guarantee for the maintenance and improvement of nutrition health of employees.
- In order to increase enthusiasm, work harmonious, and work participation.
- In order to avoid health problems caused by the environment or working conditions.
- In order for every employee to feel safe and protected in work.

While the rights and obligations relating to Occupational Safety and Health are as follows:

- Provide correct information when requested by a supervisor or occupational safety officer.
- Use the required personal protective equipment.
- Comply with and comply with all required safety and health requirements.

- Ask the board to carry out all required safety and health requirements.

- Expressing work objection to employment in which conditions of occupational safety and health, as well as the means of personal protection which are required to be questioned by him except in special cases, are determined otherwise by the supervisory officer within reasonable limits.

In the OSH implementation, the company employs a special staff of the OSH section which has the following responsibilities:

- Examining the body's health, mental condition and physical capability of the workforce to be received or to be transferred by the nature of the work given to it.
- Checking the health of all workers under his leadership, periodically.
- Show and explain to each new worker about:
  - Conditions and dangers and what may arise in the workplace.
  - All safeguards and protective equipment are required in all workplaces.
  - Self-protection tools for the workforce is concerned.
  - Ways and attitudes are safe in carrying out his work.
- Responsible in the prevention of accidents and fire eradication and improvement of occupational safety and health, also in the provision of first aid in an accident.
- Report any accidents occurring within the workplace it leads.
- In writing puts in the workplace he leads, all required safety requirements, basic OSH rules and all applicable regulations applicable to the workplace concerned, in places that are easily seen and legible and according to the instructions of the supervisor or occupational health officer.

Another important part of this company's regulation is Education and Training K3. The implementation of K3 training can prevent unsafe behaviour and improve unsafe environmental conditions. Occupational safety and health education are also useful so that the workforce has the knowledge and ability to prevent accidents, develop the concepts and habits of the importance of occupational safety and health, understand the hazards present in the workplace and use occupational injury prevention measures.

Also, the company's system also aims to build a family culture. The company carries it and fostered



by doing various activities involving all members of the company, such as:

- Breaking the fast together
- Annual Gathering
- Blood donor action

## 9 LEADERSHIP (STYLE)

Leadership is the process of directing and influencing members regarding the various activities that must be done. The leadership process focuses on what leaders do, the process by which leaders use their influence to clarify organizational goals for employees, subordinates, or leads, motivate them to achieve those goals, and help create a productive culture within the organization.

PT Redceri implements Transformational leadership, i.e. leadership is not the ability to motivate people to work hard for their salaries, but the ability to change followers becomes more independently directed in everything they do. The result is a mutual relationship between stimulation and elevation that converts followers into leaders and can convert leaders into moral agents.

As for employees of PT Redceri Indonesia will build employees with the perspective of Followership Partners that employees are actively involved in every process of the company, have a high level of performance, and promote positive relationships within the group.

Characteristics of leaders who put forward by PT Redceri Indonesia is as follows:

- Has a high intelligence and broad general education.
- Exemplary in speech, attitude, and deeds.
- It is authoritative and has a persona.
- Physically and mentally healthy.
- Have good analytic ability.
- Have good communication skills.
- Have the skills to educate.
- Objective.
- Honest.

## 10 PROCUREMENT AND MANPOWER PLACEMENT (STAFFING)

The function of the procurement of human resources within the company aims to obtain the workforce in the number and qualifications are adequate and according to company needs.

Procurement of human resources begins with the conduct of first manpower needs planning, withdrawal and selection of labor, then end with employee placement.

The determination of the number of workers can be done by considering the workload within the company as well as by calculating the amount of labor that can be available in the company at a certain period. In the manpower planning, department or human resources department in a company needs to implement the process ANALYSIS POST or JOB ANALYSIS, which is a systematic analysis of various jobs or positions within a company Results from job analysis can be used to compile job description, job specification, job evaluation, and job standard as shown in Table 3.

Table 3: Job Analysis Result

NO	JOB ANALYSIS
1	<b>Job Description</b> Bersis tentang berbagai tugas dan tanggung jawab yang harus dilakukan oleh seseorang yang memangku jabatan/pekerjaan tertentu, kondisi kerja, peralatan dan material serta informasi yang akan digunakan untuk melaksanakan pekerjaan tersebut. (Terlampir)
2	<b>Job Specification</b> Bersis tentang keterampilan, kemampuan dan kualifikasi yang harus dimiliki oleh seseorang yang akan melaksanakan jabatan/pekerjaan tertentu secara efektif.
3	<b>Job Evaluation</b> Bersis tentang keterampilan, kemampuan dan kualifikasi yang harus dimiliki oleh seseorang yang akan melaksanakan jabatan atau pekerjaan.
4	<b>Job Standard</b> Merupakan target atau standar kerja yang harus dicapai oleh seseorang yang memangku jabatan atau melaksanakan pekerjaan tertentu.

The required labor recruitment can be obtained from various sources.

- a. Internal Recruitment  
The trick, among others, through promotion or transfer of employees.
- b. External Recruitment  
Namely by recruiting new workers to fill vacancies in the company. Sources from external recruitment, among others:
  - Job posting in the media
  - Employment Bureau
  - Recommendations from the internal workforce
  - Educational institutions (job fair at university)
  - Selection of labor  
The purpose of the selection of labor is to seek or select the workforce in accordance with the requirements or qualifications of a particular position.
  - Employee placement  
After the selection process is done, it is expected the company can make the process of placement of employees in the position or appropriate positions.



The flow of selection and placement of employees at PT Redceri Indonesia can be seen in Table 4.

Table 4: The flow of selection and employee placement

STATUS KARAWAN	LEVEL	ALIR PEMERIKHAAN DAN PENYERAPAN					ALIR PENEMPATAN DAN PENYERAPAN			
		PEREKAMBAHAN CV	INTERVIEW HR	PERKOTEST	INTERVIEW USER	MEDICAL CHECKUP	TANDA TANGKAI LETTER OF OFFERING	TANDA TANGKAI KONTRAK KERJA	BUKTIAN KERJA MINIMAL 1 TAHUN	INDUKSI DAN PENEMPATAN
PERAWAN	Director	✓	✓		✓	✓	✓			
	Manager	✓	✓		✓	✓	✓		✓	
	Section Head	✓	✓	✓	✓	✓	✓		✓	
	Supervisor	✓	✓	✓	✓	✓	✓		✓	
	Staff	✓	✓	✓	✓	✓	✓		✓	
BEKAS (KONTRAK)	Tugas Pokoknya	✓	✓	✓	✓	✓	✓	✓	✓	

- Performance appraisal  
Performance appraisal is intended to measure work performance that refers to the work achieved by a person in performing the tasks charged.
- Training and development  
Training and development is aimed at eliminating the gap between elements and qualifications possessed by an employee with the elements and qualifications desired by the company.
- Career development  
Career development employees can go through several ways namely:
  1. Promotion
  2. Demotion
  3. Transfer
  4. Termination of employment.

The company uses the Point Method method to determine the division of the employee class. The determinants used by the company is shown in Table 5.

Table 5: The Company Point Method

NO	FAKTOR PENENTU
1	<b>Education</b> Faktor ini mengukur tingkat minimum pendidikan formal, pelatihan khusus, dan perizinan profesional dan sertifikasi yang dibutuhkan untuk melakukan pekerjaan.
2	<b>Work Experience</b> Faktor ini mengukur jumlah minimum pengalaman yang berhubungan dengan pekerjaan, apakah diperoleh dari bidang/industri yang sama, untuk dipertimbangkan atau dipromosikan ke posisi yang ditetukan.
3	<b>Leadership/Supervisory Responsibilities</b> Faktor ini mengukur tingkat tanggung jawab atas karyawan lain dan pengawasan terhadap kuantitas dan kualitas pekerjaan karyawan lain.
4	<b>Personal/Organizational Contacts</b> Faktor ini mengukur ruang lingkup, frekuensi, dan tujuan hubungan dengan orang lain, baik secara internal dan eksternal.
5	<b>Customer Service Relationships</b> Faktor ini mengukur tingkat keterampilan yang diperlukan dan tingkat frekuensi dalam berhubungan dengan pelanggan.
6	<b>Work Complexity</b> Faktor ini mengukur variasi, kesulitan, dan besarnya tugas dan tanggung jawab yang diperlukan untuk menyelesaikan pekerjaan.
7	<b>Working/Environmental Conditions</b> Faktor ini mengukur tuntutan fisik yang tidak dapat dihindari, unsur-unsur lingkungan dan / kondisi keamanan berbahaya di mana pekerjaan dilakukan.

Variable compensation is described and divided into groups as shown in Table 6.

Table 6: Variable Compensation

No	Faktor Penentu Kompensasi	DEGREE			
		1	2	3	4
1	Education	Minimal Diploma	Minimal Diploma 1	Minimal Diploma 2	Minimal Diploma 3
2	Work Experience	Pengalaman minimal 2 (dua) tahun	Pengalaman minimal 3 (tiga) tahun	Pengalaman minimal 4 (empat) tahun	Pengalaman minimal 5 (lima) tahun
3	Leadership/Supervisory Responsibilities	Tidak memiliki tanggung jawab	Memiliki 1 (satu) bawahan	Memiliki 2 (dua) bawahan	Memiliki 3 (tiga) bawahan
4	Personal/Organizational Contacts	Memiliki 1 (satu) kontak profesional	Memiliki 2 (dua) kontak profesional	Memiliki 3 (tiga) kontak profesional	Memiliki 4 (empat) kontak profesional
5	Customer Service Relationships	Memiliki 1 (satu) kontak profesional	Memiliki 2 (dua) kontak profesional	Memiliki 3 (tiga) kontak profesional	Memiliki 4 (empat) kontak profesional
6	Work Complexity	Tugas dengan SOP, tanpa analisis	Tugas dengan SOP dan memuat analisis	Tugas dengan SOP, memuat analisis dan memuat rekomendasi	Tugas dengan SOP, memuat analisis, memuat rekomendasi & pengendalian
7	Working/Environmental Conditions	Tidak memuat tuntutan fisik	Tidak memuat tuntutan fisik	Tidak memuat tuntutan fisik	Tidak memuat tuntutan fisik

After the company determines the above compensation variable, using the weight and degree of factor composition, the firm determines the value of each level with a maximum value of 500 as shown in Table 7.

Table 7: Composition

No	Faktor Penentu Kompensasi	WEIGHT	Degree of Factor				
			1	2	3	4	
1	Education	20%	25	50	75	100	100
2	Work Experience	20%	25	50	75	100	100
3	Leadership/Supervisory Responsibilities	10%	12	25	38	50	50
4	Personal/Organizational Contacts	10%	17	33	50	50	50
5	Customer Service Relationships	15%	25	50	75	75	75
6	Work Complexity/Budget Authority	10%	12	25	38	50	50
7	Working/Environmental Conditions	15%	18	37	55	75	75
TOTAL		100%	134	270	400	570	500

Application Point in determining the employee class in accordance with the evaluation of each employee's work, where then the company divides employees into 5 groups:

Table 8: Employee Class

GOLONGAN	JUMLAH POINT	RANGE GAJI (per bulan)
E	101 – 150	IDR 3,271,000 - IDR 3,500,000
D	151 – 200	IDR 3,600,000 - IDR 4,500,000
C	201 – 300	IDR 5,000,000 - IDR 8,000,000
B	301 – 400	IDR 10,000,000 - IDR 20,000,000
A	401 – 500	IDR 20,000,000 - IDR 30,000,000

**Group A:** Group A is a grouping of directors' level employees, who at this level have a responsibility regarding strategic planning, and decision-making affecting company policies, procedures and practices.

**Group B:** Group B is a grouping of manager-level employees, which at this level has the responsibility to supervise and direct its subordinates, and to report directly to the director according to his division.

**Group C:** Group C is the grouping of head section level, where at this level in the execution of its work requires good interaction ability with internal and external.

**Group D:** Group D is the grouping of employee level supervisors and staff, where at this level in the execution of his work more concerned with the ability of administration and physical work.

**Group E:** Group E is the grouping of employees' level of personnel, where at this level in the execution of work more concerned with physical work or the working agent.

## 11 COMPENSATION AND BENEFIT

The purpose of providing compensation, among others, is as a bond of cooperation, job satisfaction, effectiveness, motivation, employee stability, and work discipline. Compensation is divided into two main components:

- a. Financial compensation, which is subdivided into direct compensation and indirect compensation.
- b. Non-Financial compensation.

### 12 FINANCIAL COMPENSATION

#### *Direct:*

- Basic salary
- Tunjangan Hari Raya
- Salary Increases
- Fix allowance: meal allowance, pulse, vehicle fuel

#### *Indirect:*

- Health Insurance
- BPJS
- Day off and holiday

In principle, the company's remuneration system or payroll determination is competency-based. Where a company considers equally the rewards given to the inputs and outputs of employees. Input, in this case, is how someone does something work to be able to achieve performance goals. It relates to what competencies the person needs to master. So also, with output, is what the work achieved by the person in his work. This output is the performance target generated by that person.

Competency-based remuneration system equally considers 3 factors in determining the rewards given as total income received by each employee, i.e.:

- **First Factor (Position or Position)**  
That is the value of the contribution given by the function of position or position for the organization, which can generally be seen from 3 (three) things, namely the demands of ability, problem solving and responsibility. It is this factor that determines the amount of basic salary a person receives in return for the position or position it occupies.
- **Second Factor (Individual Competency)**  
That is the competence that is owned and brought by the person to do his job as required. This factor is usually taken into account in return for additional income received in the form of allowances or incentives.
- **Third Factor (Performance)**  
That is the achievement or work that is shown either individually, team or organization, who successfully achieve the performance target set by the organization. This factor is usually calculated in return in the form of incentives or bonuses.

### 13 NON-FINANCIAL COMPENSATION

The company maintains a safe and healthy working environment to support employee work convenience. The company also concerns the needs of employees regarding career security, labor welfare and learning/training opportunities to be able to face challenges and be responsible for their work.

#### *Non-variable benefit:*

- Employee loan
- Pension fund

#### *Variable benefit:*

- Sales incentives
- Year-end bonuses

### 14 PERFORMANCE APPRAISALS

Performance appraisal is to assess the ratio of real work to the quality standards and quantities produced by each employee. Follow-up assessments allow employees to be promoted, demoted, developed and earned a raise.



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