

Strategic of Employee Engagement Improvement According to Remuneration and Career Development System (Case Study of Hutama Karya)

¹Dieni Fitriani; ²Prof Dr Ir Syamsul Maarif MEng; ³Dr Ir Yunus Triyonggo

¹Business School, Bogor Agricultural Institute, Jl. Raya Pajajaran, Bogor 16151

²Business School, Bogor Agricultural Institute, Jl. Raya Pajajaran, Bogor 16151

³Business School, Bogor Agricultural Institute, Jl. Raya Pajajaran, Bogor 16151

ABSTRACT: Employee engagement has an important role for the organization, as well as for PT Hutama Karya. Career development and remuneration systems can be an alternative strategy to increase employee engagement. The objective of this study is to formulate the proper strategy to increase employee engagement at PT Hutama Karya. This research uses AHP (Analytical Hierarchy Process) analysis. Strategic recommendations proposed by experts to provide an effective career development system or annual remuneration adjustments by considering the inflation rate.

KEY WORDS: AHP, Employee engagement, career development, remuneration system, strategy

I. INTRODUCTION

Infrastructure is one of the basic needs for the community such as the need for transportation facilities, clean water, sanitation, recreational facilities and sports. Based on this, the government shows high attention to infrastructure development. In addition, the reallocation of funds in 2017 which was originally used for energy subsidies, the funds were transferred to mandatory and priority spending. Infrastructure expenditure is one that is mandatory and priority. The increase in expenditure allocation reached 123.4% this year, aimed at building infrastructure including the construction of 836 kilometers of roads, 10,198 meters of bridges, 13 airports, construction and development of 61 port facilities, construction of first phase and continuation of railway lines and terminal construction advanced passengers for three locations. (Kemenkeu 2017). Infrastructure in the transportation sector is one of the main things in helping the Indonesian economy, one of which is toll infrastructure. Toll roads help facilitate and speed up users of cars and four-wheeled vehicles or more in traveling faster and with more convenient access. Because of the better road access, it is expected that travel to an area will be easier and it will affect on economic improvement of the area.

PT Hutama Karya is a state-owned organization engaged in construction. The organization was founded in 1961 and has actively contributed to the development of Indonesia, especially infrastructure. Through Presidential Regulation Number 100 Year 2014 which was later updated in Presidential Regulation Number 117 Year 2015, PT Hutama Karya has been officially given the mandate to develop 2770 kilometers of toll roads in Sumatra with priority of the first eight sections until 2019 along 650 kilometers (Hutama Karya 2017).

PT Hutama Karya realizes that the organization's vision and mission in carrying out the responsibility of infrastructure development must have superior and quality human resources. Based on this, PT Hutama Karya held a management trainee system which was started in 2008. This system aims to develop the potential of young talents obtained from the best prospective employee and most importantly can fulfill the organization's vision and mission. Superior and qualified human resources based on the management trainee system is not enough to state that employees can carry out the organization's vision and mission, employees must also have engagement to the organization. Job satisfaction that is felt by employees cannot be stated that employees have engagement to the organization. This was realized by PT Hutama Karya, the Human Capital Section at this SOE organization, who fully understood that satisfied employees did not mean they had engagement to their work.

Schaufeli (2003) states that employee engagement is a positive state of mind related to work and self-fulfillment that has the characteristics of vigor, dedication, and absorbs. In fact, Harter *et al.* (2002) states that employee engagement is one of the main factors in measuring organization strength. Based on this, employee engagement to the organization is very important. Therefore, knowing the employee engagement to the

organization is very necessary.

Remuneration and career development system can be used as factors to determine employee engagement. PT Hutama Karya already has a career development and remuneration system, however, there is no research yet on the influence of career development and remuneration systems on employee engagement. Based on this, the importance of knowing the effect of the remuneration and career development system on employee engagement. The objective of the research is to formulate an appropriate strategy for increasing employee engagement based on a career development and remuneration system.

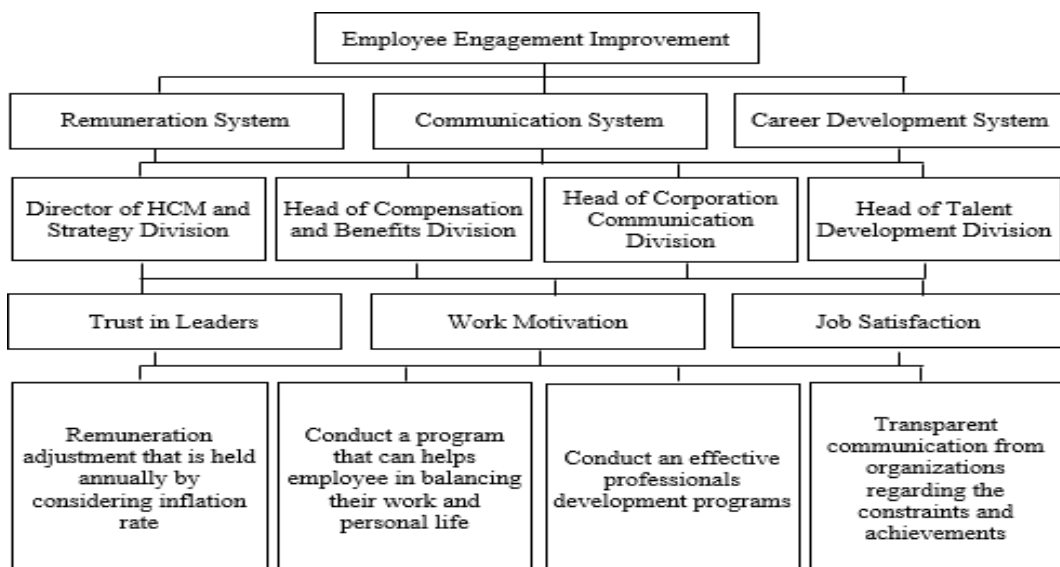
II. METHODS OF RESEARCH

This research was conducted at PT Hutama Karya. The time of this research starts from August 2017. The AHP (Analytical Hierarchy Process) method is used to decide on the strategy or managerial implications that can be done. Determination of the strategy to increase employee engagement according to AHP, namely the assessment of the importance of each element based on the ratio assessment in the hierarchical structure. The elements that are assessed based on the level or hierarchy that starts from the goal, the criteria of the first level, the sub-criteria, and finally are alternative. AHP assessment is carried out by distributing questionnaires to selected experts, both internal experts and external experts, amounting to five people. The assessment is based on pairwise comparisons which produce ratio data. The assessments of each expert are combined into a combined matrix which is used as an assessment of priority strategies to achieve goals or objectives. Pair value comparisons made by experts must be considered consistent or not. The parameter to see the consistency of the expert is the consistency ratio value. The consistency ratio value must be 10% or less. A consistency ratio value of more than 10% is still considered a random assessment and must be corrected (Marimin 2011).

According to AHP stages, the first step is the preparation of the hierarchy. The arrangement of the hierarchy is based on a focus group discussion (FGD) and the results of interviews with the organization so that the AHP hierarchy is formed. Goal or goals to be achieved are increasing employee engagement. The criterion level is the factors that can increase employee engagement. There are three factors chosen, namely remuneration system, communication system, and career development. Furthermore, the preparation of sub-criteria based on actors that affect employee engagement. The selected actors are the Director of HCM and Strategy, the Head of the Compensation and Benefit Section, the Head of the Corporate Communication Section, and the Head of Talent Development. Furthermore, the preparation of sub-criteria based on objectives. The objectives chosen are trust in the leader, work motivation, and job satisfaction. Finally, priority alternatives are arranged that can increase employee engagement. As for the alternatives being compared namely, adjusting remuneration that is held every year by considering inflation, conducting systems that help employees in balancing personal life and work, providing effective professional development systems, and transparent communication from the organization over the constraints and achievements of the organization.

Next, pairwise comparison assessments are carried out by selected experts. Furthermore, the results of the questionnaire of each expert were analyzed by AHP using Expert Choice 2000. The element with the highest ratio value in each hierarchy was chosen as a strategy to increase employee engagement and the consistency of the ratio should be less than 10% or less than 0.1. The results of the hierarchy and AHP values can be seen in Figure 1

Figure 1 AHP hierarchy model employee engagement improvement strategy



III. RESULTS AND DISCUSSION

The result of AHP vertical analysis

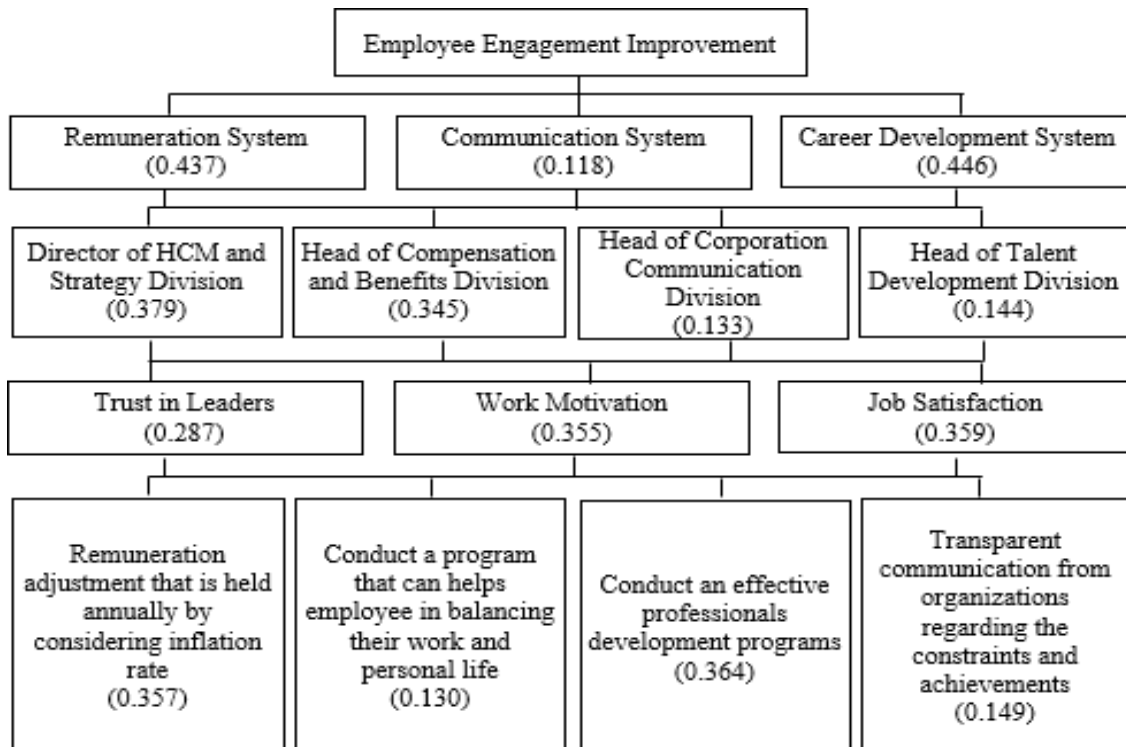


Figure 2 Employee engagement improvement strategy

The value of each element in the AHP hierarchy has the highest value (Figure 2) The factor with the highest value is the career development system but the value is not much different from the remuneration system. That is, based on the value given by the expert, career development factor is the main priority factor but the remuneration system is also a priority for increasing employee engagement. Furthermore, the actors whose role is to increase employee engagement is the Director of HCM and Strategy. The role and influence of the HCM Director is very important for achieving goals in the hierarchy. The highest priority goals namely job satisfaction also consider work motivation according to the expert, the goal of job satisfaction and work motivation by employees can increase employee engagement to the organization. Based on the alternatives compared, the highest priority priority is to provide a professional and effective development system that also considers alternative remuneration adjustments that are held every year by considering inflation. The value of the total consistency ratio in the hierarchy is 3% or 0.03. That is, the value given by experts in the AHP model is consistent and not random because it is less than 10% or 0.1.

Complex problems in employee engagement can be simplified through AHP so that priority strategies are formed based on experts. Based on this, a strategy to increase employee engagement can be achieved through the alternative of providing effective professional development systems or remuneration adjustments held annually by considering inflation with the aim of satisfaction and motivation to work for employees and influential actors namely the Director of HCM and strategies by providing career development or remuneration system.

The result of AHP horizontal analysis

Analysis factors element on employee engagement improvement strategy

The first factor in increasing employee engagement is career development system. A clear career development for employees is expected to make employees feel satisfied at work and able to bind mentally and emotionally at work. Individual employee satisfaction at work can increase employee engagement. One of the goals of career development according to Ko (2012) is to strengthen the relationship between employees and the organization. In addition, career development can help individual employee achievement and demonstrate employee welfare relationships.

The second element in increasing employee engagement is the remuneration system. Remuneration system for employees can increase employee confidence in the organization. In addition, employees feel valued about their work at the organization. According to Armstrong (1983) remuneration is one of the most effective

media for conveying messages to employees about organizational values and the contributions expected of them to hold those values and achieve organizational goals. Based on this, the remuneration system is one of the factors to increase employee engagement.

The third factor element is the communication system. Communication systems between employees and their employees can increase employee engagement. Good and clear communication in directing and carrying out tasks makes it easier for employees to work. Mangkuprawira (2002) states that effective internal communication is one of the keys to mobilizing employee engagement. In fact, Rucky (2006) states that emotional engagement can be achieved through regular communication about the organization's vision and goals to be achieved. Based on this, the communication system is one of the factors to increase employee engagement.

Based on the priority values of these three elements, the first priority factor is the career development system, the second priority is the remuneration system, and the third priority is the communication system. The value of the ratio of the main factors to the two is not much different, the value of the difference in the first priority with the second is 0.009. That is, the main and second priority factors have not much different interests in increasing employee engagement. Both the factor elements of employee development systems and remuneration can increase employee engagement even though career development systems are the highest priority. The priority of the factor elements can be seen in table 1

Table 1 priority factors value dan priority

Factors	Weight (rasio)	Priorities
Career development system	0.446	1
Remuneration system	0.437	2
Communication system	0.118	3
Total weights	1.001	-

Analysis of the actor's element on employee engagement improvement strategy

The first actor element in increasing employee engagement is the HCM Director and strategy. The Director of HCM and Strategy has responsibility for human resources within the organization. Systems and strategies implemented must be in accordance with the organization's vision and mission and increase employee engagement to the organization. The main task of the HCM Director and PT Hutama Karya's corporate strategy is to oversee and be responsible for the implementation of Human Capital activities and strategies.

The second actor element is the Head of the Compensation and Benefits Division. Based on remuneration factors, compensation and benefits have an impact on increasing employee engagement. Employees feel valued by the organization based on performance that has been done. Rewards based on compensation in accordance with performance will increase individual employee satisfaction with the organization. Based on this, the Head of the Compensation and Benefit Section has a large role in assessing and rewarding employees because the Head of the Compensation Section is the executor and executor of the policies implemented.

The third actor element is the Head of Corporate Communication. Head of Communication. The head of corporate communication has a role in communicating both internal and external to the organization. Good internal communication within the organization can foster employee engagement to the organization. The Head of Communication has the task of communicating to the organization internally regarding policies and activities that take place in the organization.

The fourth actor element is the Head of Talent Development. The Head of Telenta Development Section has the duty to formulate policies, the executor in the career development section. Career development is one of the efforts to increase employee engagement to the organization. Based on this, the Head of Talent Development Section has a role in increasing employee engagement.

Based on the value of priority level (Figure 2), the Actor that influences employee engagement is the Director of HCM and Strategy, the second priority is the Head of the Compensation and Benefit Section, the priority of the third actor is the Head of Talent Development Section, and the fourth priority is the Head of Communication and Corporate Affairs. The value of the difference between the first and second priorities is 0.034. That is, the value of the difference can be stated far enough so that the element of actors who have a big influence to increase employee engagement is the Director of HCM and Strategy. In addition, the responsibility of the HCM Director and strategy on human capital causes a very large role to increase employee engagement. The Head of Compensation and Benefit Section who has responsibility for compensation is second priority. This is due to compensation in accordance with the work can increase employee engagement. Furthermore, the Head of the Talent Development Section is in charge of career development. A clear career development within the organization can increase employee satisfaction at work. Increased satisfaction will increase engagement. Based on the description above, the HCM Director has the biggest role to increase employee engagement compared to others so that the HCM Director's role and strategy to increase employee engagement are first priority. The weight values and priority of actor elements can be seen in table 2

Table 2 Actors value dan Priority

Actors	Weight (Ratio)	Priorities
Director of HCM and Strategy	0.379	1
Head of Compensation and Benefit Division	0.345	2
Head of Corporate Communication Division	0.133	4
Head of Talent Development Division	0.144	3
Total Weights	1.001	-

Analysis of the objective elements on employee engagement improvement strategy

The first objective element is Trust in leadership. Trust in leadership has a relationship to employee engagement. Trustworthy leaders cause employees to feel safe and can work well.

The second objective element is work motivation. Work motivation has a relationship with employee engagement. Employees who have high work motivation will increase employee engagement. Employee motivation to work will foster enthusiasm for work and foster engagement to employees. This can be seen from indicators of employee engagement such as vigor, dedication, and absorption. Based on this, motivation to work as a consideration for the purpose of improving employees.

The first objective element is Trust in leadership. Trust in leadership has a relationship to employee engagement. Trustworthy leaders cause employees to feel safe and can work well.

The third objective element is job satisfaction. Job satisfaction. Employees who have high job satisfaction will increase employee engagement. Employees who have job satisfaction also relate to employee engagement indicators. Employees who have job satisfaction will increase vigor, dedication and absorption. Employees who have high job satisfaction will also try to work in accordance with the organization's vision and mission. Based on this, job satisfaction can be used as a goal to increase employee engagement.

The first priority goal element is job satisfaction, the second priority is work motivation, and the third priority is trust in the leadership. The value of the difference between the first and second priority is 0.004, meaning that the difference is considered small. The goal of job satisfaction and work motivation has high priority to increase employee engagement to the organization. It is based on that employees who have job satisfaction and good work motivation will increase employee engagement to the organization. The weights and priorities of the destination elements can be seen in Table 3.

Table 3 The objectives value dan Priority

Objective	Weight (rasio)	Priorities
Trust in leadership	0.287	3
Work motivation	0.355	2
Job satisfaction	0.359	1
Total Weights	1.001	-

Analysis of alternative elements on employee engagement improvement policy strategy

There are four alternative strategies given to increase employee engagement to the organization. The results of the strategy analysis (Figure 2) show that the first alternative strategy priority is to provide an effective professional development system, the second priority is adjusting remuneration that is held every year by considering inflation, the third priority is transparent communication from the organization over the constraints and achievements of the organization. The difference in the value of the alternative strategy priority one with the second priority is 0.007. The difference in value can be considered small so that the first and second alternatives can be applied.

The alternative provides an effective professional development system related to career development factors while the remuneration adjustment that is held every year by considering inflation is related to the remuneration system. Based on priority values, alternative strategies for increasing employee engagement are to provide effective professional development systems or remuneration adjustments that are held annually by considering inflation.

Managerial Implications

Managerial implications in the results of this study relate to strategies that can be used as a reference regarding the effect of the remuneration system and career development on employee engagement at PT Hutama Karya. The strategy to increase employee engagement is also based on AHP results. Based on these results, several things that need to be considered by PT Hutama Karya are alternative strategies recommended by experts, namely providing effective professional development systems such as career discussions for the next

career path for employee specialization so that career development is formed. Adjustment of remuneration is held every year by considering inflation, such as considering the benefits obtained by organizations such as insurance. If remuneration in the non-financial field, there is a remote work or work from home for flexibility in work. The organization is expected to consider this strategy to increase employee engagement.

Conclusions

Based on AHP results, a strategy that can be selected to increase employee engagement is to provide effective professional development systems or annual remuneration adjustments taking into account inflation with the aim of job satisfaction or work motivation and influential actors namely the Director of HCM and strategies with career development systems or remuneration system.

Reccomendations

The findings of the study, the strategy to increase employee engagement is to provide an effective professional development system or adjust the remuneration that is held every year by considering inflation. There are several studies that can be done such as the effect of employee engagement to organization performance.

REFERENCEES

- [1]. Armstrong, Michael dan Helen Murlis. 1983. Sistem Penggajian: Pedoman Praktis Bagi Organisasi Kecil dan Menengah. Jakarta: PT Pustaka Binaman Pressindo
- [2]. Beneth M dan Bell A. 2004. Leadership and Talent in Asia: How the Best Employees Deliver Extraordinary Performance. Singapore: John Wiley & Sons
- [3]. Ceylan & Kaya. 2014. An Empirical Study on the Role of Career Development Systems in Organizations and Organizational Commitment on Job Satisfaction of Employees. American Journal of Business and Management Vol. 3, No. 3.
- [4]. Gomes, Faustino Cardoso. 2003. Manajemen Sumber Daya Manusia. Yogyakarta : Andi Offset.
- [5]. Harter JK, Schmidt & TL Hayes. 2002. Business-unit Level Relationship between Employee Satisfaction, Employee Engagement, and Business Outcomes: A meta-analysis. Journal of Applied Psychology, 87(2), 268-279
- [6]. Kahn, W.A. 1990. Psychological Conditions of Personal Engagement and Disengagement at Work. Academy of management Journal, 33,692-724
- [7]. Ko, W. H. (2012). The relationships among professional competence, job satisfaction and career American Journal of Business and Management 191 development confidence for chefs in Taiwan. International Journal of Hospitality Management 31, 1004– 1011. Kusnendi. 2008. Model-Model Persamaan Struktural. Bandung: Alfabet
- [8]. Maarif, Syamsul M et Kartika, Linda. 2014. Manajemen Pelatihan: Upaya Mewujudkan Kinerja Unggul dan Pemahaman Employee Engagement. Bogor: IPB Press Mangkuprawira et Hubeis. 2012. Manajemen Mutu Sumber Daya Manusia. Bogor: Ghalia
- [9]. Mangkuprawira, Sjafriz TB. 2002. Manajemen Sumberdaya manusia Strategik. Bogor: Ghalia Indonesia
- [10]. Marimin dan Magfiro, N. 2011. Aplikasi Teknik Pengambilan Keputusan dalam management Rantai Pasok. Bogor: IPB Press Mathis RL et Jackson JH. 2004. Manajemen Sumber Daya Manusia. Jakarta: Salemba Empat Mondy, R. Wayne & Noe III, Robert M. 1993. Human Resources Management, Fifth Edition, USA: Allyn and Bacon
- [11]. Nadler, David. 2007. Managing Organizations, Reading and Cases. Boston, Toronto Little, Brown and Organization
- [12]. Ruky, Achmad S. 2006. Manajemen Penggajian dan Pengupahan Untuk Karyawan Perusahaan. Jakarta: PT Gramedia Pustaka Utama
- [13]. Schaufeli, W dan Baker. 2003. Utrecht Work Engagement Scale: Preliminary Manual. Utrecht University. Occupational Health Psychology Unit
- [14]. Yılmaz, A. G. 2006. İnsan kaynakları yönetiminde kariyer planlamanın çalışanın motivasyonu üzerine etkisi [The impact of career planning on employee motivation in human resource management]. Yayınlanmamış Yüksek Lisans Tezi. İstanbul: Marmara Üniversitesi.