

THE IMPORTANCE-PERFORMANCE ANALYSIS OF COMPENSATION PROGRAMS AT FREEPORT INDONESIA MIMIKA*ANALISIS TINGKAT KEPENTINGAN DAN KINERJA PROGRAM-PROGRAM KOMPENSASI DI PT FREEPORT INDONESIA MIMIKA*

Oleh:

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Abstract: This study aims to analyze the importance and performance of compensation programs received by the employees of PT Freeport Indonesia, Mimika. This research uses quantitative approach with 100 employees of PT Freeport Indonesia, Mimika as respondents. There 9 total criteria in this research, which is: Salary, Overtime Pay, Incentive, Transportation, Meal Allowance, Annual Leave, Religious Holiday, Health Insurance, and Pension. The result of this research shows that Salary, Pension, and Annual Leave are in Quadrant I; Transportation, Religious Holiday, and Health Insurance are in Quadrant II; Meal Allowance and Overtime Pay in Quadrant III; following by Incentive in Quadrant IV. So, related with the findings in this research, there are some recommendations for PT Freeport Indonesia.

Keywords: compensation, importance-performance analysis

Abstrack: Penelitian ini bertujuan untuk menganalisa pentingnya dan kinerja program kompensasi yang diterima oleh karyawan PT Freeport Indonesia, Mimika. Penelitian ini menggunakan pendekatan kuantitatif dengan 100 orang karyawan PT Freeport Indonesia sebagai responden. Terdapat 9 kriteria yang digunakan dalam penelitian ini, yaitu: Gaji, Upah Lembur, Insentif, Transportasi, Tunjangan Makan, Cuti Tahunan, Hari Raya Nasional, Jaminan Kesehatan, dan Pensiun. Hasil penelitian menunjukkan bahwa Gaji, Pensiun dan Cuti Tahunan berada pada Kuadran I; Transportasi, Hari Raya Nasional, dan Jaminan Kesehatan berada pada Kuadran II; Tunjangan Makan dan Upah Lembur berada pada Kuadran III; disusul Insentif di Kuadran IV. Terkait dengan temuan penelitian ini, ada beberapa rekomendasi untuk PT Freeport Indonesia, Mimika.

Kata Kunci: kompensasi, importance-performance analysis

INTRODUCTION

Research Background

Every employee in a company needs to get satisfaction at work which can also have an impact on improving employee performance, as Wirawan (2013) states that people's positive or negative feelings and attitudes towards their work have implications for influencing themselves and the organization. If people are satisfied with their work, they will like and be motivated to carry out their work and have high performance. And if they are not satisfied with his job, they will not be motivated to carry out his work and his performance will be low. There are various kind of indicators that can influence employee job satisfaction, one of them is compensation. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed, and may also used as a reward for exceptional job performance, like bonuses, etc. Compensation is not only related to money, but also related to stimulating employee morale which is called non-financial compensation. According to Mondy and Martocchio (2016:247), the compensation program includes components that are not only financial but also include components other than financial matters that can make employees

survive in a company. Compensation is divided into two categories, namely financial compensation and non-financial compensation. Financial compensation provides extrinsic rewards to employees for the performance provided to the company. While non-financial compensation is in the form of intrinsic rewards, namely awards that arise from within the employee.

PT Freeport Indonesia is an affiliated company of PT Freeport McMoran Copper & Gold Inc. PT Freeport Indonesia mines, processes and explores ores containing copper, gold and silver. PT Freeport Indonesia provides various types of compensation to meet employee satisfaction, such as salaries, overtime pay, health insurance, pension funds, transportation and others that have been mutually agreed upon in mutual agreement (*Perjanjian Kerja Bersama/PKS*). Based on mutual agreement, the salaries received by employees are differentiated based on employee level. Employee levels are divided into three, starting with Basic Competency level, specialization level, and master Level. There is also a basis for calculating overtime pay per hour, the multiplier factor for overtime pay is differentiated based on work schedule patterns and also official holidays. Not only salary and overtime wages, employees also get health insurance. PT Freeport Indonesia employees are required to become participants in the Social Security Agency (*Badan Pengelola Jaminan Sosial*). The contribution amount of 5% of wages is covered by employees at 1% and PT Freeport Indonesia at 4%.

PT Freeport Indonesia also provides pension funds as regulated in the PT Freeport Indonesia Pension Regulations which were made in accordance with Law No.11 year 1992 about Pension Funds. PT Freeport Indonesia will provide pension funds for employees who stop working and have reached retirement age and have worked for at least four years. There is also transportation. PT Freeport Indonesia provides bus transportation from the bus terminal to highland (Tembagapura) and bus transportation in Tembagapura itself. Then, PT Freeport Indonesia provides assistance with transportation costs for employees in the lowlands who use public transportation to and from work because employers do not provide transportation. For incentive, PT Freeport Indonesia provides various kinds of bonuses to employees, one of which is providing Productivity Bonus. Productivity Bonus is annual bonuses given to employees based on calculating the performance of company in the previous year. PT Freeport Indonesia's productivity bonus is always given in February. As for food compensation, PT Freeport Indonesia provides a mess hall for employees in lowland (Kuala Kencana) and highland (Tembagapura). And for employees in areas where mess halls or wrapped meals are not available, PT Freeport Indonesia provides assistance with monthly lunch costs.

Understanding the relationship between rewards and employee performance is expecting theory which means that the greater the compensation given by the company to its employees, the greater the efforts of the employees to improve their performance. Likewise, if the compensation given is lower or even below the average set by law, the lower the performance the employee will provide for the company. Therefore, it is a good idea for every company to continue to evaluate the compensation programs provided so that they are in line with what their employees expect. The analytical method that will be used is *Importance-Performance Analysis* method, which aims to identify indicators that are priority improvements. Importance-Performance Analysis is a method that uses quadrant analysis. Quadrant analysis is used to determine employee responses to attributes which are plotted based on the level of importance and performance of each attribute. Based on this quadrant analysis, it will show the location of each indicator in different quadrants. And then the results will show that what indicators need to be improved and receive more attention. Based on the theories and explanation above, researcher choose to conduct a research with title "The Importance-Performance Analysis Of Compensation At PT Freeport Indonesia, Mimika".

Research Objective

This research aims to identify and measure about what employees' considered importance and how is the performance of compensation programs at PT Freeport Indonesia by using importance-performance analysis. Also, to find out what action priority proposals can be taken to improve the quality of the compensation programs at PT Freeport Indonesia.

THEORITICAL FRAMEWORK

Human Resource Management

Dessler (2019:3) defines human resource management as the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

Job Satisfaction

Job satisfaction is simply how people feel about their jobs and different aspects of their jobs (Spector

1997:2). Thus, job satisfaction is an important aspect that must be owned by employees. With job satisfaction, employees can interact well in their work environment so that work can be carried out properly and the goals of a company can be achieved.

Compensation

Ivancevich and Konopaske (2012:298) stated that compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks. Tetteh – Annor (2014) defines compensation as the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required.

Salary

According to Gaol (2014), salary is a payment, paid by the company every month. Whether reaching an achievement or not, salary must be given or paid on monthly basis.

Overtime Pay

Overtime pay is compensation paid to employees who work outside normal working hours. According to Thomas (1992), overtime work is additional work done in outside of working hours which exceeds 40 hours of work which done to complete the impossible job completed in a normal working day.

Incentive

Incentive is a type of commission that companies provide to their employees. Unlike bonuses that are given based on business profits, incentives are given because of the employee's contribution in a task, both profit and non-profit related tasks, such as training, organizing company events, and so on. According to Girmay (2019), incentive schemes attempt to link at least a portion of pay to job performance to encourage higher productivity.

Transportation

Transportation allowance is an employee benefit provided by the employer to cover travel expenses or costs incurred by employees.

Meal Allowance

Meal allowances are given as compensation for meals during working hour. This allowance can be in form of money or food provided by the company.

Annual Leave

Annual leave is time off given to workers by agencies that can be used according to the conditions and needs of the workforce.

Religious Holiday

Religious Holiday is given in conjunction with national holidays, for example in Indonesia, such as Idul Fitri and Christmas. Religious holiday allowance is referred to as income in the form of non-wage income. It is called non-wage income because it is not included in the daily, monthly, or time unit wage component according to the agreed payment method.

Health Insurance

Healthcare benefits are employee benefits which offer assistance with healthcare cost. Classically, an employer offers employees some form of group health insurance or a set amount of to spend on healthcare. Depending on the company's plan, employees may have to opt into healthcare plan, paying a small fee while the company pays the bulk of the premium, or the employer may cover all insurance-related costs (Shafi, 2022).

Pension

Pension is funds that are deliberately raised specifically with the aim of providing benefits to employees when they reach retirement age. Based on KBBI, pension is a collection of funds obtained from the fixed contributions of each participant plus a company income allowance, and the participants have the right to get a share of the profits after retirement.

Previous Research

Ldama and Nasiru (2020) examined salary increase and its impacts on employee performance in Adamawa State University, Mubi. The total population of the study is eight hundred and twenty four (824) which comprises of two hundred and thirty two Academic Staff (232) and five hundred and ninety two (592) non-academic Staff of different carders, the sample size for this study is 269 through the use of Yaro Yemami formula, the instrument used for collecting data from the respondents is the questionnaire, and the data gathered from the respondents was analyzed using percentage analysis. The result shows that there is significant and positive relationship between variables of the study ($r=0.778, 0.565$ and $0.865, P \leq 0.05$). Also the findings revealed that salary increase has significant impact on employee effectiveness, employee teamwork and employee creativity in Adamawa State University, Mubi; employees are very capable of developing new ideas if given high salary.

Boudreaux (2020) examined how employee benefits affect new venture performance. We hypothesize that two categories of benefits affect new venture performance and might do so differently: benefit that promote stability and flexibility. Using employee benefits data from the Kauffman Firm Survey, we find that new ventures that provide stability benefits—healthcare plans, tuition reimbursement, and retirement plans—have lower rates of exit and higher odds of earning profit. Conversely, we find that firms that provide flexibility benefits—financial packages, stock ownership, bonus pay, and paid sick and vacation leave—do not affect firm exit rates but, with the exception of stock options, also have higher options. We use IV methods to control for the possibility of reverse causality—firms that can afford to provide better employee benefits probably have better performance. Out IV results support our findings and suggest that firms that provide better employee benefits have lower exit rates and higher odds of earning a profit.

Riyanto et al. (2021) determined the impact of financial incentives, non-financial incentives and work motivation on employee job satisfaction. This study took a sample of 320 respondents from millennial private bank employees in Tangerang. The technique used for sampling was the simple random sampling method. The respondent's data was collected by distributing online questionnaires. There are 45 questions that will be measured using a 7-point Likert scale. Furthermore, the data will be processed and analyzed using Structural Equation Modeling and using the SmartPLS 3.3.3 software tool with descriptive or associative analysis techniques. The findings of this study are financial incentives, non-financial incentives and work motivation have a positive and significant impact on employee job satisfaction and can help bank management in managing millennial age employee job satisfaction.

Conceptual Framework

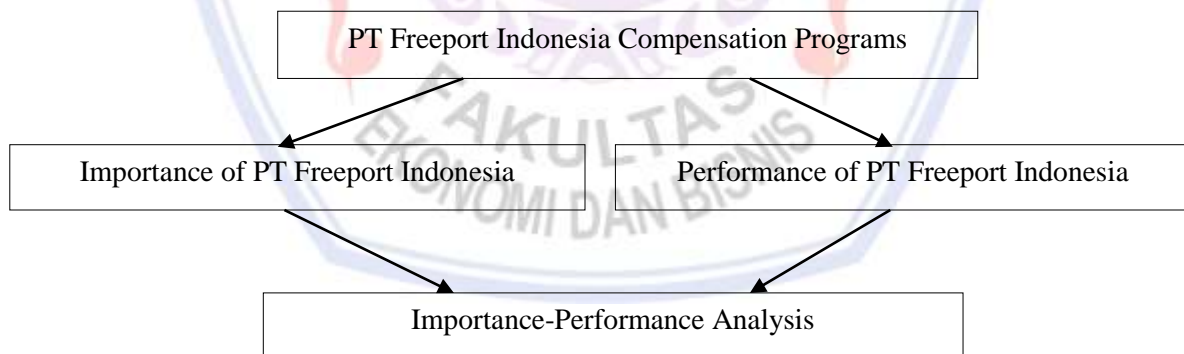


Figure 1. Conceptual Framework

Source: Data Processed, 2022

RESEARCH METHOD

Research Approach

The approach used in this research is a quantitative approach. Quantitative approach is research on a particular population or sample, data collection using research instruments, statistical data analysis with the aim of testing predetermined hypotheses (Sugiyono, 2019). In this research, the researcher used a questionnaire as a research instrument to collect information from the respondents.

Population and Sample

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then draw conclusions (Sugiyono, 2019:126). From this definition, the researcher determines that all the permanent employees of PT Freeport Indonesia, Mimika as the population of this research. According to Alvi (2016), sampling is the process through which a sample is extracted from a population. The sample method used in this research is *convenience sampling method* that is considered as the best way of getting some basic information quickly and efficient. Anderson and Gonzaler (2011) defines it as “a non-probability method of sampling whereby elements are selected for the sample on the basis of convenience. Elements are included in the sample without pre-specified or known probabilities of being selected”.

Data Collection Method

According to Sugiyono (2019), primary data is a data sources that directly provide data to data collectors and secondary data is a data source that does not directly provide data to data collectors. The data collection technique used in this research is a questionnaire technique. Questionnaire technique is a data collection technique that is done by giving a set of questions or written statements to respondents to answer (Sugiyono, 2019).

Operational Definition and Indicators of Research Variable

Table 1. Operational Definition and Indicators of Research Variable

| Variables | Definitions | Indicators | Description |
|-------------------|--|-------------------|--|
| Compensations (X) | Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. | Salary | Salary is the fixed or guaranteed regular monthly or annual gross payment made to employees. |
| | | Overtime Pay | Overtime pay is compensation paid to employees who work outside normal working hours. |
| | | Incentive | An incentive program is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. |
| | | Transportation | Transportation allowance is an employee benefit provided by the employer to cover travel expenses or costs incurred by employees. |
| | | Meal Allowance | Meal allowances are given as compensation for meals during working hour. |
| | | Annual Leave | Annual leave is time off given to workers by agencies that can be used according to the conditions and needs of the workforce. |
| | | Religious Holiday | Religious Holiday is given in conjunction with national holidays. |
| | | Health Insurance | Healthcare benefits are employee benefits which offer assistance with healthcare cost. |
| | | Pension | Pension is funds that are deliberately raised specifically with the aim of providing benefits to employees when they reach retirement age. |

Validity and Reliability

According to Sugiyono (2019), valid means that the instrument can be used to measure what it is supposed to measure. Validity test is carried out using the Product Moment formula. In this case, the total of an instrument can be declared valid if the correlation coefficient or $r_{\text{count}} > r_{\text{table}}$ (the level of significance is 5% or $\alpha = 0.05$). If $r_{\text{count}} < r_{\text{table}}$, then an instrument is declared invalid. A reliable instrument is an instrument than can be used several times to measure the same objects (Sugiyono 2013:121). If a measuring device is used more than twice to measure same symptom and the results obtained are relatively consistent and the correlation coefficient (r) is positive, that means the measuring tool is reliable. The reliability test in this study will use the SPSS Statistics 22.0 for windows program. The variable can be said reliable if the result of Cronbach Alpha value is more than 0.60.

Importance-Performance Analysis

Martilla and James (1997) first used Importance Performance Analysis to measure or evaluate consumer acceptance of a marketing programs. This technique can analyze the strengths and weaknesses of a program in the company which can later be used to improve company performance. Over time, this technique began to develop so that it can be used in various aspects other than marketing, for example, human resources management. In Importance Performance Analysis, there are letters X and Y, where X is an evaluation of the level of performance or performance that can affect employee satisfaction. And Y is an evaluation of the level of importance that can affect employee satisfaction. The total or the results of the calculation of the level of performance and the level of importance will be illustrated in a Cartisius diagram. The Cartisius diagram is divided into four quadrants, with importance on the y-axis and performance on the x-axis.

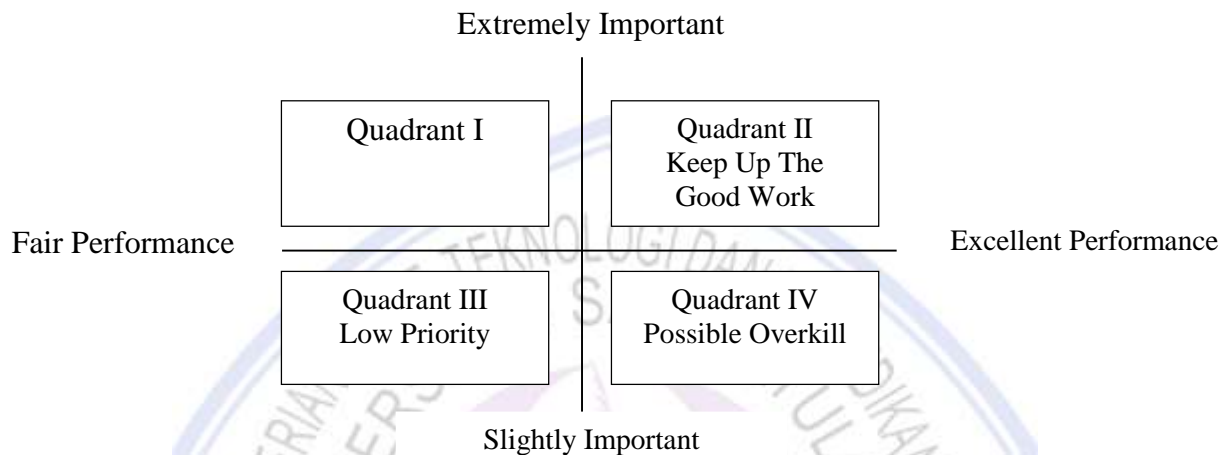


Figure 2. The Importance-Performance Grid

Source: Martilla and James (1997)

1. Quadrant I: Concentrate here. The criteria that are in this quadrant need to be prioritized by the company, because the level of importance is high but the level of performance is still low or unsatisfactory for the respondents.
2. Quadrant II: Keep Up The Good Work. The criteria that are in this quadrant need to be maintained, due to the high level of importance and also the high level of performance.
3. Quadrant III: Low Priority. The criteria that are in this quadrant indicate that the level of importance and level of performance are still considered low for respondents.
4. Quadrant IV: Possible Overkill. The criteria in this quadrant are considered excessive. This is because the level of importance is still low, but the level of performance is high or the implementation is very well done by the company for something that is not considered important by the respondents.

RESULT AND DISCUSSION

Result

Validity and Reliability Tests

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. By using Pearson Product Moment Correlation Coefficient to analyze the validity of questionnaire, where if $r_{\text{count}} > r_{\text{table}}$ then the research instrument is valid. At the significance level of 5%, the probability of correlation must be less than 0.05 in order to be stated valid.

Table 1. Validity Test

| | | Correlations | | |
|---------|---------------------|--------------|----------|--------------|
| | | Avr_Imp | Avr_Perf | Avr_Imp_Perf |
| Avr_Imp | Pearson Correlation | 1 | .521** | .788** |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 100 | 100 | 100 |

| | | | | |
|--------------|---------------------|--------|--------|--------|
| Avr_Perf | Pearson Correlation | .521** | 1 | .936** |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 100 | 100 | 100 |
| Avr_Imp_Perf | Pearson Correlation | .788** | .936** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 100 | 100 | 100 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output 2022

Table 1 shows that the pearson correlation index is higher than the r_{table} (0.195) and below the significance level of 5%. That means the data is considered valid.

Table 2. Reliability Test

| Reliability Statistics | |
|------------------------|------------|
| Cronbach's Alpha | N of Items |
| .873 | 3 |

Source: SPSS Output, 2022

Reliability refers to the consistency of observations, usually whether two (or more) observers, or the same observer on separate occasions, observing the same event attain the same results (Sekaran, 2013). Reliability uses the Alpha Cronbach Analysis. The result interpretation, if the Cronbach's Alpha:

- <0.60 indicates unsatisfactory internal consistency or that data is unreliable.
- 0.70 indicates that the data is acceptable.
- 0.80 indicates good internal consistency or consider that the data resulted is reliable.

Therefore, the measurement in this research is 0.873, which means it has good internal consistent reliability. In other word, the result of the measurement in this research is trustworthy.

The Importance-Performance Analysis

The results of analysis in this chapter attempts to answer the problem contained in this research. There are nine criteria on measuring the level of importance and performance analysis, which are: (1) Salary, (2) Overtime Pay, (3) Incentive, (4) Transportation, (5) Meal Allowance, (6) Annual Leave, (7) Religious Holiday, (8) Health Insurance, and (9) Pension. Data is based on questionnaires that are collected from respondents and is tabulated with Microsoft Excel. Table below is the result based on average value of importance and performance that set the compensation in four quadrants as shown in Figure.3.

Table 3. Perceived Importance and Performance of Compensation Programs at PT Freeport Indonesia

| Criteria | Importance Mean (Y) | Performance Mean (X) | Quadrant |
|-------------------|---------------------|----------------------|----------|
| Salary | 4.77 | 4.43 | I |
| Overtime Pay | 4.21 | 4.22 | III |
| Incentive | 4.68 | 4.55 | IV |
| Transportation | 4.72 | 4.49 | II |
| Meal Allowance | 4.62 | 4.32 | III |
| Annual Leave | 4.71 | 4.46 | I |
| Religious Holiday | 4.83 | 4.65 | II |
| Health Insurance | 4.84 | 4.60 | II |
| Pension | 4.82 | 4.44 | I |
| Average Value | 4.69 | 4.46 | |

Source: Data Processed, 2022

Table 3 shows that the importance (Y) of health insurance has the highest mean ($\bar{y} = 4.84$), followed by the importance of religious holiday ($\bar{y} = 4.83$), the importance of pension ($\bar{y} = 4.82$), the importance of salary ($\bar{y} = 4.77$), the importance of transportation ($\bar{y} = 4.71$), the importance of incentive ($\bar{y} = 4.68$), the importance of meal allowance ($\bar{y} = 4.62$), and the importance of overtime pay ($\bar{y} = 4.21$). Meanwhile the performance of religious holiday also has the highest mean ($\bar{x} = 4.65$), followed by the performance (X) of health insurance ($\bar{x} = 4.60$), the performance of incentive ($\bar{x} = 4.55$), the performance of transportation ($\bar{x} = 4.49$), the performance

of annual leave ($\bar{x} = 4.46$), the performance of pension ($\bar{x} = 4.44$), the performance of salary ($\bar{x} = 4.43$), the performance of meal allowance ($\bar{x} = 4.32$), and the performance of overtime pay ($\bar{x} = 4.22$). After getting the point of the quadrant division axis in $\bar{x} = 4.46$ (performance) and $\bar{y} = 4.69$ (importance), the next step is to plot the point (\bar{x} and \bar{y}) of each criteria into Cartesians graph as shown in the Figure 3.

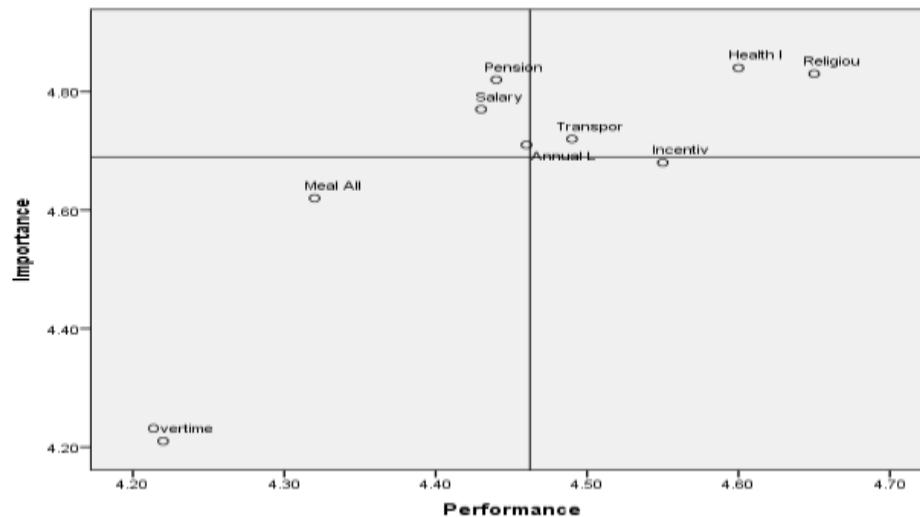


Figure 3. Data plotting of Compensation Programs in Four Quadrant

Source: Data Processed, 2022

Figure 3 shows that salary, pension, and annual leave are located in quadrant I (Concentrate Here), which means that salary, pension, and annual leave are perceived to be very important to the employee but the performance level is assessed low. It is actually close to high level of performance because it approaches the limit line of high and low performance. Especially annual leave, because of the x mean and the average value of performance has the same score which is 4.46.

Transportation, religious holiday, and health insurance are located in quadrant II (Keep up the Good Work). Being located in quadrant II means the criteria are perceived to be very important, and also have high levels of performance to the employee. In other words, the employees are already satisfied by the compensation criteria in this quadrant.

The next quadrant is quadrant III (low priority). The criteria that located in this quadrant is meal allowance and overtime pay. Being located in this quadrant means the criteria are rated as having low importance and low performance.

The last quadrant is quadrant IV (possible overkill). In this quadrant, the level of importance is considered as low but the level of performance is considered as high by employees. Compensation program included in this quadrant is incentive.

Discussion

This research is attempts to answer the research problem as has been stated earlier in this thesis. In order to answer the problem, this research uses nine criteria of Compensation of PT Freeport Indonesia, Mimika. The criteria of Compensation dimension that have used in this research are as follows: (1) Salary, (2) Overtime Pay, (3) Incentive, (4) Transportation, (5) Meal Allowance, (6) Annual Leave, (7) Religious Holiday, (8) Health Insurance, and (9) Pension. This study has considered all those criteria, which come from theories, books, journal and some other supporting sources in constructing the whole research. These criteria become the foundation of questionnaires questions that used to collect the data from 100 respondents who participated in filling out the questionnaire. The collected data got weight with the Likert Scale and are then tabulated and analyzed with Importance-Performance Analysis.

Quadrant I

This part summarizes the result of analysis as shown in Figure 3. The figure shows that there are four quadrants. Finding of the study shows that there are three criteria that located in Quadrant I, which is Salary,

Pension, and Annual Leave. This quadrant labelled as “concentrate here” because of high value of importance, but low value of performance.

Salary is a payment made by an employer for a particular job which is paid regularly during the working period in accordance with the work agreement contract. Unlike wages, salary is always given to a worker at monthly or annual basis, not hourly. Salary is the fixed or guaranteed regular monthly or annual gross payment made to employees; it varies between the hierarchy of job positions, employees to employees, and companies to companies. In the questionnaire, respondents were asked to rate these two statements, (1) Salaries for employees; and (2) The salary is in accordance with the amount of responsibility carried out. And both of the statements scored below the average level of performance mean (Y-axis). This means that PT Freeport Indonesia employees are dissatisfied with the salary given by the company because they feel it does not match with the work they do or the responsibility they have to carry out. As studied by Ldama and Nasiru (2020), there is significant impact of salary on employee effectiveness, employee teamwork, and employee creativity. That means salary increase can lead to high employee effectiveness, employee teamwork, and employee creativity, which is an important thing that is linked to some administrative outcomes and success. Other factors are also important and affect job satisfaction, but satisfaction from pay is a must.

Pension is funds that are deliberately raised specifically with the aim of providing benefits to employees when they reach retirement age. Based on KBBI, pension is a collection of funds obtained from the fixed contributions of each participant plus a company income allowance, and the participants have the right to get a share of the profits after retirement. By looking at the description of respondents based on age, 75% were more than 35 years old. And also the length-of-work is 90% dominated by employees who have worked with PT Freeport Indonesia for more than 11 years, perhaps this could be proof of why Pension is in Quadrant I (high importance – low performance). In the questionnaire, respondents were asked to rate these two statements, (1) The company provides pension funds for employees, and (2) The pension funds provided are adequate to ensure employees' old age. The results show that employees are quite satisfied with the first statement, however because the majority of employees are dissatisfied with the second statement, this causes the total of employee satisfaction towards Pension offered by company to be low or below performance mean (Y-axis). As studied by Dewi (2020) that pension fund has a significant effect on employee satisfaction. Even though PT Freeport Indonesia provides three types of pension funds, which is old age security program from BPJS (Social Security Administration), savings plan program, and retirement fund, employees are still not satisfy because of the performance is low.

The last criteria for Quadrant I is Annual Leave. Annual leave can help company to reduce the stress level and increase productivity. The previous research by Sutrisno (2022), the result shows that work stress has a significant effect to employee performance. In the questionnaire, respondents were asked to rate these two statements, (1) The company provides annual leave for employees; and (2) Employee freedom to take annual leave. The result shows that employees are satisfied with the first statement, but dissatisfied with the second statement. That means employees still feel a lack of freedom in taking annual leave.

From the discussion that has been described, it can be concluded that the reason why Salary, Pension, and Annual Leave are in Quadrant I is because employees feel dissatisfied with the performance of each indicators. For Salary, it is because of employees feel that the salary they receive does not match the work or the responsibility that they have to carry out. For Pension, it is because the pension funds provided are not adequate to ensure employees' old age. And last one is Annual Leave, it is because employees still feel a lack of freedom in taking annual leave. Therefore, PT Freeport Indonesia needs to concentrate on the performance of Salary, Pension, and Annual Leave by conducting further evaluations.

Quadrant II

Finding of the study shows that there are three criteria that located in Quadrant II, which is Transportation, Religious Holiday, and Health Insurance. This quadrant labelled as “keep up the good work” because of the value of importance and the value of performance is high.

Transportation allowance is an employee benefit provided by the employer to cover travel expenses or costs incurred by employees. Transportation allowance can be categorized as Irregular Allowance if the amount of the allowance is not always fixed. For example, the allowance depends on the number of employee attendance. If the company provides employee salaries on a monthly basis, the amount of transportation allowance will not always be the same every month, depending on how many days the employee comes to work. Meanwhile, if the company has set the amount of transportation allowances for employees, it is called regular allowance. PT Freeport Indonesia, Mimika is one of the companies that apply regular allowance for transportation. PT Freeport provides transportation funds for those who live and work in the lowlands. For employees who work and live in the highlands or employees who live in the lowlands but work in the highlands, they need a special transportation

to go to work. Therefore, they are not given transportation funds, but are provided with special transportation that can be accessed for free. In the questionnaire, respondents were asked to rate these two statements, (1) The company provides transportation facilities for employees; and (2) Convenient transportation facilities for employees. The results show that PT Freeport Indonesia employees feel these two statements are important and are also satisfied with the performance. The previous research by Oljira (2022), the result shows that there is a positive effect of transportation service on employee satisfaction.

Religious Holiday is given in conjunction with national holidays, such as Idul Fitri and Christmas. Because of Indonesia is a country that upholds religious values, so religious holidays are important. For most religions, particular “holy” days are key aspects of religious practice, belief, and belonging. Raz, Gorjian, and Shahramiri (2011) shows that religious holidays can influence job satisfaction. However, for employees or workers in private companies, religious holiday is optional. Employees can choose to take it or not. At PT Freeport Indonesia, Mimika, religious holiday is part of the annual leave. Employees who wish to take leave on religious holiday days will have their annual leave allowance reduced. While workers who continue to work on religious holiday days, their annual leave rights are not reduced and they are still paid the same wage as a normal working days, but sometimes companies provide bonuses for those who still working on religious day days. In the questionnaire, respondents were asked to rate these two statements, (1) The company provides holiday allowances according to the specified time; and (2) Employees receive holiday allowances according to the specified time. The results show that PT Freeport Indonesia employees feel these two statements are important and are also satisfied with the performance.

Having health insurance is important for employees because coverage helps them get timely medical care and improves their lives and health. In general, the major impact of health sector reform on the workforce is in terms of changes in working conditions, payment, labor relations, and the demand for certain skills, and terms of employment. Health insurance is important because it will have contributed for the employees’ effectiveness in work and reduces the absence causes of sick reason. In the questionnaire, respondents were asked to rate these two statements, (1) Health insurance facilities for employees; and (2) The company provides reimbursement for care and treatment costs in accordance with company provisions. PT. Freeport Indonesia has been providing a good compensation in health insurance because seen from the data, it already meets employee’s level of importance. The results show that those two statements get a score above the average of importance mean and performance mean. That means employees feel that health insurance is important, and they are also satisfied with the performance. The previous research by Boudreaux (2020), the research shows that healthcare plans are associated with lower rates of firm exit and higher odds of earning a profit.

According to the explanation above, the employees are satisfied with the performance of those criteria. Start with Transportation, because of the workplace is far away and cannot be entered by just anyone, transportation is important for PT Freeport Indonesia’s employees. And based on data, employees are satisfied with the transportation facilities provided by the company. Religious Holiday, because of Indonesia a country that upholds religious values, that means particular “holy” days are important for their individuals. Based on the data, employees of PT Freeport Indonesia also agrees that religious holidays are important. Employees also satisfied with the compensation provided by the company during religious holidays. And last one is Health Insurance. The health of workers is definitely important, especially for PT Freeport Indonesia that the workplaces can be classified as extreme. PT Freeport Indonesia understands this well and provides various kinds of health insurance to maintain the health of its employees and employees also feel satisfied with the health insurance provided by the company.

Quadrant III

Finding of the study shows that there are two criteria that located in Quadrant II, which is overtime pay and meal allowance. This quadrant labelled as “low priority” because of the value of importance and the value of performance are low.

The basic of overtime is all hours worked in excess of eight hours a day, or 40 hours a week. Overtime hours are to be calculated both on a daily and weekly basis. The higher of the two numbers is overtime hours worked in the week. All employees, including those who are paid a weekly, monthly, and annual salary, must be paid overtime pay for overtime hours they work. Except where overtime hours are accumulated under an overtime agreement, all overtime hours must be paid at the rate of at least one and half times the employee’s regular wage rate. In the questionnaire, respondents were asked to rate these two statements, (1) Employee freedom to choose to work overtime; and (2) Overtime pay corresponds to the additional time worked. These two statements were considered less important for respondents and the performance also low. This is understandable because overtime is additional work outside Regular Working Hours if deemed necessary by the company. Overtime work outside

the predetermined work schedule is not automatic. If workers can complete their work according to schedule, then overtime is not really necessary.

Meal Allowance is also an employee benefit, like the transportation allowance, given as compensation for meals during working hour. As studied by Haugaard, Brockhoff, and Lahteenmaki (2016), employees' satisfaction with workplace meals can be increased by putting emphasis on the quality of food served, but equally important is the ambience in the lunch situation. Most of the ambience factors were related to available time and mental resources of the employee. In the questionnaire, respondents were asked to rate these two statements, (1) The company provides food/meal allowance for employees; (2) Food/meal allowance provided are in accordance with employee needs. The results show that employees feel that these two statements are not important. This is likely due to the large number of restaurants in the workplaces (high-land and low-land), so employees tend to choose to eat there rather than in the mess hall provided by the company.

According to the explanation above, the results shows that Overtime and Meal allowance has the lowest level both importance and performance. For Overtime, because of overtime is additional work outside the Regular Working Hours which only applies if deemed necessary by the company, so employees feel that overtime is not that important if they can complete their work according to their work schedule. And for Meal Allowance, employees feel that meal allowances are not that important. This could be due to the large number of restaurants in the PT Freeport Indonesia work area so that employees tend to eat there rather than the mess hall provided by the company.

Quadrant IV

Finding of the study shows that incentive is located in Quadrant IV, labelled as "possible overkill" because of the high value of performance, but the value of importance is low, which means the employees thinks that not so important and the company is paying too much attention in these criteria.

Incentive is a type of commission that companies provide to their employees. Unlike bonuses that are given based on business profits, incentives are given because of the employee's contribution in a task, both profit and non-profit related tasks, such as training, organizing company events, and so on. As studied by Riyanto et al (2021), financial incentives and non-financial incentives have a positive impact on employee satisfaction. But they also stated that, non-financial incentives are more important than financial incentives in terms of job satisfaction. This explains why incentives are below the average level of importance. PT Freeport Indonesia tends to provide financial incentives as a reward for employee loyalty more than non-financial incentives.

CONCLUSION AND RECOMMENDATION

Conclusions

Based on the data analysis that has been carried out the discussions that have stated, then the following conclusions are obtained:

1. Salary, Pension and Annual Leave are important compensations to employees of PT Freeport Indonesia, Mimika, however the company deliver a deficient performance.
2. Transportation, Religious Holiday and Health Insurance are importance to employees and at the same time company deliver a good performance.
3. Overtime and Meal Allowance assessed to low priority when the importance and performance values are in low level.
4. Incentive assessed less important, but the performance value is high level.

Recommendation

Based on the conclusions that have been stated above, the writer can put forward some suggestions as follows:

1. The company has to pay attention to these three compensation programs and if necessary allocate more resources to improve the performance of Salary, Pension, and Annual Leave in order to reach employees satisfaction and to make the employee to be more productive, also because these three compensation programs are perceived to be very important for the employees.
2. For the three compensation programs in quadrant II which are Transportation, Religious Holiday and Health Insurance need to be maintained and keeps being reevaluated in order to adjust with the needs of the employees to motivate employees and boost their productivity in order to achieve organizational goals.
3. There are Overtime Pay and Meal Allowance in quadrant III. The importance of the criteria in this quadrant

may be low for some employees, and the others may think that it is important, but still the performance is not good enough. Therefore, it would be better if PT Freeport Indonesia provides better compensation programs for the criteria in this quadrant. For example, offer more money for the overtime pay, or for the meal allowance, PT Freeport Indonesia can upgrade some facilities in the mess hall or upgrade the meals. But of course, these criteria are not a priority, so PT Freeport Indonesia can think about it later after they accomplished the first priority.

4. For the incentive in quadrant IV, the score for performance is exceeds the importance. Even though the score for importance is below the average, this program still has high level of importance. So, it is better to reduce the budget for this program and allocate it to the other programs that are more important like all the programs in quadrant I. Or improve more on the non-financial incentives.

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