Remuneration: Performance-Based Payment System in Higher Education Institutions

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ABSTRACT

This study aims to solve payroll problems at Universitas Binamika Tangerang (UBT) by identifying factors that are considered to play a role in the preparation and determining the stages of the payroll system on the remuneration basis. Data collection and processing were carried out by means of focused group discussions using fishbone diagrams to obtain data related to the old payroll system and the new payroll system with the remuneration model. Discussions involving fifteen personnel as informants, documentation studies and observations were also carried out to complete data acquisition. The results of the study identified eight elements that are key to the successful preparation and implementation of a remuneration payroll system, namely type of employment, staffing level, payroll information system, layer determination, payroll element, performance indicator, system models, and implementation stage.

Keywords: Information system, Payroll, Performance indicators, Remuneration, System model

INTRODUCTION

Higher education is a level of education after high school which includes diploma programs, bachelor programs, master programs, doctoral programs, professional programs, and specialist programs organized by universities based on Indonesian culture (Law No. 12 of 2012 concerning Higher Education). Data from the Central Statistics Agency (*Badan Pusat Statistik - BPS*) states that currently there are 3,115 universities under the Ministry of Research, Technology and Higher Education, both public and private, in 2021 with a total of 7.7 million students (Priharta et al., 2022).

Education is a conscious and planned effort to create a learning atmosphere and learning process that encourages students to actively develop their potentials, so that they have religious spiritual strength, are able to control themselves, have personality, intelligence, noble character, and required skills (Priharta et al. , 2022). Universitas Binamika Tangerang (UBT) is one of the higher institutions in Banten Province, Indonesia, which also participates to educate the nation's life. The campus, which

was founded in the 1950s, has contributed a lot in providing the needs for education at the tertiary level in Indonesia. With its ability to survive in the last half century, this university is ranked in the seventies out of 5,320 universities in Indonesia. In its history, it was recorded that UBT had several distant classes which then transformed into a separate entity and succeeded in growing rapidly in their respective regions. In various rankings, this assisted higher institution succeeded in exceeding UBT as its parent.

Different from other tertiary institutions which have developed from the initiative of the head office (rectorate) to work units below it (faculty), UBT has developed in the opposite way. Several faculties at UBT took the initiative to develop study programs, which in the end will develop new faculties with their own uniqueness and culture. In its development, the existing faculties have their respective organizational structures, staffing systems, payroll systems, management information systems which are separate and not yet integrated. In the current era of technology 4.0, one of which is measuring

and assessing a higher institution based on webometrics, namely a ranking system based on three indicators which include visibility, transparency and excellence, the need for a centralized or centralized system is a necessity. Therefore, since the last few years, higher education leaders have been planning the implementation of a centralized system, both related to academic and non-academic fields, for example a financial information system, one of which is related to a centralized payroll system.

At present, there are ten faculties with different payroll systems at UBT. The lack of an applicable salary standard has resulted in each faculty taking the initiative and having its own salary standard. This condition resulted in a discrepancy which in turn felt an injustice in the payroll between work units. Several faculties that have study programs with a large number of enthusiasts and students, certainly have more financial strength compared to faculties that lack interest and a small number of students. In fact, the lecturers' assignments based on the Lecturer Performance Load (Beban Kinerja Dosen - BKD) set by the government are the same, namely between 12-16 credits. Large faculties have higher rates compared to small faculties, for example, payment of honorarium for excess teaching assignments, exam corrections, guiding and testing final assignments, committees, and so on.

Other than the differences in rates that occur for the same activity, on the other hand, there is confusion in identifying which activities are eligible to be given an honorarium. Since there is no standard from the center, every campus activity, either it is important or not, is determined by the faculty. This condition results in inequality and it is with no cost control in budget implemention at UBT. Therefore, the standardization of fees and payroll is a logical, fair choice, and in line with the demands of the higher education internal environment. In the context of remuneration in a higher institution, Ariani (2017) argues that every higher education management activity, especially financial management as a resource, must be able to achieve its goals. Good financial management must be able to increase effectiveness and create efficiency, increase accountability and transparency, and be able to minimize financial abuse. Therefore, higher education leaders are required to have the ability to find and utilize potential sources of funds and place employees who are capable and honest in financial management and their accountability.

Based on the description above, it can be concluded that the budget implementation at UBT has not been fully maintaining the rights and obligations among stakeholders, both between managers and owners or between managers and employees. This condition can be explained with the perspective of agency theory (Jensen & Meckling, 1976) which states that the delegation of management authority from the principal to the agent will result in agency conflict which will eventually lead to agency costs. Managers will take advantage of the lack of standards and regulations to maximize their own interests, both personally and institutionally (faculty). The lack of centralized regulation also has an impact on budget execution which has not fully led to performance achievement which in turn hinders the achievement of the organization's vision. Therefore, budget and financial management at UBT needs to be regulated, one of which is related to the payroll system with the remuneration model. This model is expected to be able to encourage the achievement of the best performance, improve internal control, strengthen organizational governance, which in turn is expected to improve organizational performance both academically and non-academically. The following research intends to make serious efforts to determine the best payroll system model that will apply to UBT. The determining elements of the payroll system will be identified through discussions by university leaders involving other interested parties. In addition, centralized implementation requires an information system as a data processor that will guarantee data accuracy, as well as effectiveness and efficiency in its operations.

METHOD

The following study is an applied research which according to Supranto & Limakrisna (2013), aims to find the factors that cause problems and then the research findings are served as a basis for determining corrective steps for problem solving. This research seeks to solve payroll problems at UBT by identifying the factors that are considered to play a role in the preparation and determining the stages of the payroll system on remuneration basis. The research object is a university called UBT which is located in Banten Province. The research was conducted from July 2020 to April 2021.

The focused group discussion (FGD) technique was carried out as an effort to collect data, both related to the old payroll system and the new payroll system with the remuneration model. The FGD involved fifteen personnel as informants. Apart from in-depth interviews through FGDs, data collection was also carried out through documentation and observation.

Data analysis using fishbone diagrams was performed to examine the factors considered to play a role in the preparation and stages of the payroll system on remuneration basis. After the influencing factors can be identified, then analysis and modeling are carried out. According to Priharta (2009), the first step in making a fishbone diagram in the application of this study, is to determine the stages as the key to successful modeling. The key to the success of this stage is placed on the right side of the large paper by the team leader. In determining the more detailed stages, brainstorming is required from a special team that has been formed.

RESULT and DICUSSION

Focused group discussions were carried out by involving fifteen informants who had knowledge and competence related to the research field. The informants involved consisted of personnel as shown in table 1 below.

Table 1. Study to the Informants

Informant	Number of people
Foundation Owner	2
Vice Rector for Finance	1
Assistant Vice Rector for Finance	1
Head of Internal Control Unit	1
Dean or Vice Dean	10
Total	15

Based on the conducted discussions, eight factors were indentified. They are required to be discussed and followed up as elements to become the key to the successful preparation and implementation of a remuneration payroll system. These elements are shown in Figure 1 below.
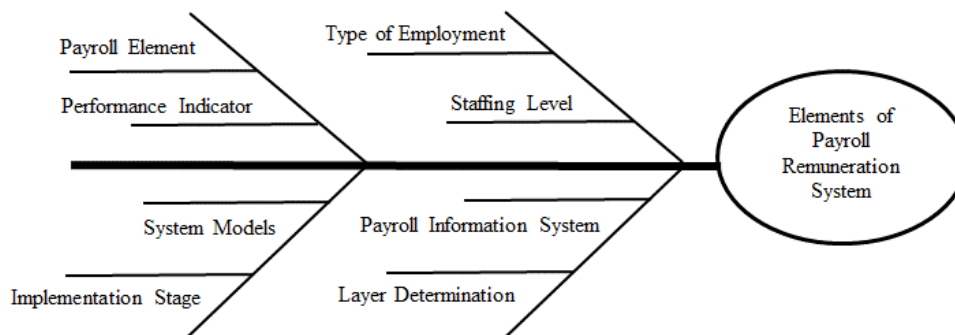

Figure 1. Elements of Payroll Remuneration System

Further discussion regarding the elements of the payroll remuneration system which will be used as the basis for modeling, can be explained as follows.

Type of Employment and Staffing Level

Salary for employees is given on the basis of an individual's position and performance in an organization. For this purpose, the staffing levels are grouped into two categories, namely (1) leaders and education staff; and (2) teaching staff. Each of these categories will have different performance standards based on their main objectives and functions, including remuneration for performance achieved. The grouping can be seen in table 2 below:

Table 2. Type of Employment

	Type 1 Leaders and Education Staff		Type 2 Teaching Staff
1	Rector	1	Professor
2	Vice Rector	2	Associate Professor
3	Dean	3	Assistant Professor-1
4	Bureau chief	4	Assistant Professor-2
5	Head of Institution	5	Lecturer
6	Vice Dean		
7	Head of the Postgraduate Study Program		
8	Head of Undergraduate Study Program		
9	Study Program Secretary		
10	Head of Study Center		
11	Head of administration		
12	Education Staff - Permanent		
13	Education Staff - Contract		
14	Office Boy - Permanent		
15	Office Boy - Contract		

Leaders and educational staff have different performance outputs from teaching staff. Leaders and educational staff have an administrative role that requires them to be present in the office to provide services to students and other parties. Meanwhile, teaching staff have the role of carrying out the "tridharma" of higher education, namely education and teaching, research, and community service, so that the performance demanded of teaching staff is the achievement of these "tridharma", and their presence is not as demanding as the working hours of the leaders and educational staff. Since their tasks and outcomes are different, groupings are made to emphasize the each role and function.

Payroll Element

Salary is compensation or award given by the company as a honorarium or remuneration to its employees. For employees, salary is a right received for achievement, which in many ways is a source of motivation for employees to work, while for companies, salary is a cost component that has an impact on obtaining company profits, therefore, its management needs to be monitored (Gani et al., 2022).

According to Mulyadi (2016) the payroll system is a series of business and operational activities that aim to carry out every payment transaction for the delivery of services performed by employees. Based on the type of staffing which explains the differences in tasks and performance achievements, the take home pay (THP) formulation for each is as follows:

Take Home Pay	=	Basic Salary + Structural Allowance + Attendance Allowance + Remuneration
Under the condition:		
Basic Salary	=	As per University standards
Structural Allowance	=	As per University standards
Attendance Allowance	=	Prorate attendance x Rate
Remuneration	=	(Key Performance Indicator x Performance remuneration) + (Prorate attendance x Attendance remuneration)

With the THP formulation as above, it can be ensured that the salary received by employees is standardized. Each employee will receive a basic salary and structural allowance in accordance with university standards. Meanwhile, attendance allowance and remuneration will be obtained based on the performance achievement, in accordance with the measurement of the performance index carried out every semester.

Performance Indicator

According to Soemohadiwidjojo (2019) performance is the result achieved by a person or group of people in an organization in a certain period, and in accordance with the scope of authority and responsibility of each in achieving organizational goals. Further stated by Dermawan et al. (2020) that every organization or company needs to measure performance to determine whether an organization gains greater benefits than the economic sacrifices that have been incurred, in order to ensure the survival of the company.

Meanwhile, key performance indicators (KPI) are a series of important indicators that are measurable and can provide information on how far an organization's strategic goals have been achieved. It is further stated that in setting performance indicators, KPIs should meet the SMART-C criteria, namely specific, measurable, achieveable, relevant, time-bound and challenging (Soemohadiwidjojo, 2019)

Another opinion, Lubis & Kusumanto (2018) stated that KPI is an instrument used by management to ensure that an activity or a process can be followed, can be controlled (including if deviations occur, they can be identified to be corrected immediately) and can

be ascertained, in order to be aware of the determined performance target. KPI will compare what has been planned with what has been implemented. The achievement of success will be largely determined by the implemented strategy and KPI is a tool to measure it.

In the payroll formula as described above, the factor that differentiates each employee's take home pay is the remuneration value which is determined on the basis of their performance achievements. For this reason, it is necessary to set performance targets that will serve as the basis for achieving performance in the form of KPI for each employee. This KPI is prepared by the leaders and is known and agreed upon by every university employee. The basis for preparing KPIs is the university's vision and mission translated into strategic plans and operational plans, which will then be carried out and achieved by each individual.

For the leadership level, performance targets will be prepared by the university owner, namely the Daily Advisory Board *(Badan Pembina Harian – BPH)*. In its implementation, the authority to carry out the assessment is given to the Internal Control Unit *(Satuan Pengawas Internal – SPI)*. For the level of teaching staff, performance targets will be prepared by the Chancellor and his subordinates. In its implementation, the one authorized to conduct performance appraisal and evaluation is the Bureau of Human Resources *(Biro Sumber Daya Manusis – Biro SDM)*. For the lecturer level, performance targets will be prepared by the Chancellor and his subordinates in accordance with the organizational structure. In its implementation, the one authorized to conduct performance

appraisal and evaluation is the Quality Assurance Agency *(Badan Penjamin Mutu – BPM)*.

Therefore, the performance target will be given to each individual or employee in the higher educational institution. Performance measurement will be carried out periodically every semester which will ultimately have an impact on the remuneration of each employee. The important thing that needs to be emphasized is that the performance appraisal process is carried out as a continuous effort to improve performance achievement and not merely because of obtaining remuneration or punishment for employees.

Layer Determination

Higher education consists of various faculties and study programs, so that each faculty can be seen as an independent entity. Basically, the educational process of teaching and learning, takes place in the study program.

At each higher educational institution, they have different achievements related to budget realization, number of students, number of study programs, student and lecturer publications, and other achievements both academic and non-academic. These different achievements certainly have different consequences for the remuneration of each faculty. Therefore, in higher educational institutions which have 10 (ten) faculties, a layer will be determined as a form of transparency and fairness for the performance achievements of each faculty. Layers are determined based on performance, where the highest layer is layer 1, then followed by layer 2, and layer 3.

Based on FGDs conducted by the remuneration planning team together with faculties and work units in higher educational institutions, the determination of the layers was agreed upon in the following proportions as shown in table 3:

Table 3. Layer Determination Factors

Factor	Weight
Budget Realization	40%
Number of Students	30%
Study Program Accreditation	20%
Publication	10%

Based on the assessment of these factors, the determination of the layer is agreed as follows. Layer 1 score achievement is 80-100; layer 2 score achievement is 60-79; and layer 3 score achievement is below 60.

System Models and Payroll Information System

The system is a unit consisting of several sub-systems that are related to each other, with the purpose of achieving certain determined goals (Gani et al., 2020). Meanwhile, an information system is described as a system that collects, processes, and controls data from various activities, with output in the form of reports to meet the information needs of various management levels (Priharta et al., 2021). Furthermore, Laudon & Laudon (2017) argues that an information system will provide information about people, locations, resources, and other important matters concerning the organization and its environment. Therefore, the information system plays a role in assisting management and employees to analyze problems and describe them, as well as to support the creation of new products or innovations.

According to Hasibuan (2015) remuneration is all income earned in the form of money, direct or indirect goods, received by employees for the remuneration provided to the company, or it can be said that remuneration is everything that is constituted or considered as a remuneration. Furthermore, Teja (2017) states that the purpose of providing remuneration is as follows: first, as a fulfillment of the economic needs of employees who receive remuneration in the form of salaries, wages or other forms to

meet economic needs; secondly, a better compensation can boost employee productivity; third, in order to advance the organization, the higher the remuneration given to employees is expected to be able to encourage the achievement of best performance that will advance the company; fourth, as a function of balance and justice in the implementation of

remuneration. Therefore, the provision of remuneration is closely related to the balance between input and output in the work implementation by each employee.

Based on the prepared payroll formulation, next remuneration payroll system will be implemented with a model as shown in figure 2 below.
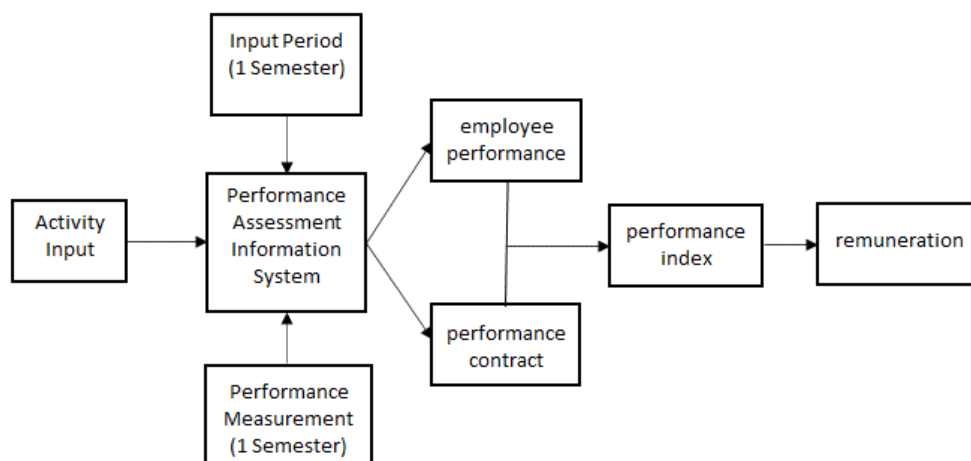

Figure 2. Model of Remuneration Payroll System

In each semester, employees periodically input the work results achieved into the performance assessment information system. The system will then compare the achievements with the targets determined based on the performance indicators stated in the performance contract. At the end of each semester, the system will provide a performance appraisal output called a performance index. This performance index is then used as facts for leader's evaluation in order to give appreciation and/or improve employee performance in accordance with the results achieved. Furthermore, this performance index will be used as the basis to provide remuneration for the next semester, as part of

employee take-home pay. This remuneration-based payroll system continuously takes place every semester.

Implementation Stage

As a new payroll system that will be implemented, this model must be implemented with measurable risk management because it is related to the changes of employee income. In order to carry out risk mitigation, periodic implementation and evaluation must be carried out for the improvement of this remuneration payroll system model. The planned implementation stages include things as shown in figure 3 below.
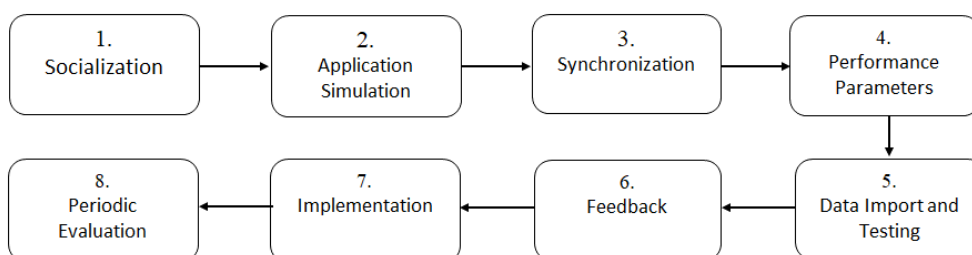

Figure 3. Implementation Stage

First, socialization. This activity is carried out with the purpose to provide an understanding of why this system needs to be implemented. Socialization will provide an understanding of how this system works, what the calculation mechanism is like, and what the benefits are for employees and organizational development. Second, application simulation. Before being officially implemented, the application system must go through a series of trials, to ensure that the system runs accurately as planned. Third, synchronization. This payroll system has changed the organizational structure in each work unit by default. Therefore, the work unit structure needs to be adjusted and refers to the remuneration structure. Several different structures must be discussed and decided, which new structure will be included in the remuneration system. Fourth, performance parameters. As described in the previous section, predefined KPIs and layers must be input into the system. These performance parameters must have been agreed upon based on agreed rules and regulations. Fifth, import data. Complete staffing data to be inputted into the payroll system, especially files related to payroll and remuneration. Sixth, evaluation and feedback. After all the stages have been carried out and the system output exist, then it is compared between the system output and the salary calculation manual. If there is a difference, the cause must be indicated whether it is due to a manual calculation error or an application program error. All feedback must be evaluated and followed up. Seventh, implementation. After all aspects are considered adequate and running according to the plan, implementation can be carried out. Eighth, evaluate regularly. This needs to be done considering the development of regulations both from the government and universities, absorption of employees' aspirations who wish for adjustments, or other factors. Therefore, this system needs to adapt to its changing environment.

CONCLUSION

The remuneration payroll system is a logical choice for UBT to create transparency and fairness for the academic community. With this system, the budget implementation, especially in the payroll section, is expected to run well and create adequate internal control, so that it is able to encourage the accomplishment of operational plans and strategic plans of higher education institutions for achieving the determined vision and mission.

In implementation, the higher education leaders and the implementing team should be careful and always evaluate the developments occurred in the implementation of the system. It is strongly recommended that a complaint service unit be formed to serve complaints and input from all stakeholders, so that significant communication and feedback can be followed up immediately.

It is important to remember that this remuneration payroll system must be able to adapt to both internal and external environment. Therefore, periodic evaluations must be carried out and become a higher education policy. This becomes a great value in ensuring that the fairness and transparency of payroll and remuneration is a commitment from higher education leaders that is supported by all stakeholders.

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