

## EVALUATION OF WAGE STRUCTURE AND SCALE (SSU) USING THE SEQUENTIAL MULTIPLE SCALE METHOD IN THE SME WARUNG PENYET REJOSARI IN BOYOLALI DISTRICT

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### Keywords:

*Business; Food And Beverage Industry; Frontliners; Salary; Wage Scale*

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### Abstract

*Small and Medium Enterprises (SMEs) currently still lack structured salary distributions or are not in line with compensation management. Warung Penyet Rejosari is a restaurant established in 2008 and serves various menus such as rice, chicken, and duck. This research utilizes both quantitative and qualitative approaches. Primary data was obtained through in-depth interviews directly with Mr. Agus, who serves as a finance analyst. Secondary data was obtained through direct findings on electronic media platforms such as WhatsApp, Instagram, Facebook, SME data archives, books, and journals related to compensation management. Salary restructuring using the sequential double scale method has reached an ideal state with a mid-to-mid value smaller than the spread value, and the spread value correlates directly with the grade increase. The total salary gap after restructuring indicates a significant improvement in the structure and wage scale of SMEs*

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## INTRODUCTION

The importance of an effective Wage Structure and Scale (SSU) has been described as a key factor in maintaining fairness and employee job satisfaction, which can ultimately increase productivity and business sustainability (Misnaningsih, 2019). However, recent research shows that there are still many SMEs, including in Boyolali Regency, that have not implemented an optimal SSU system. This often leads to job and level dissatisfaction *turnover* employees, indicating the need for a deeper understanding of the application of sequential multiple scale methods in the context of SMEs.

Within this framework, a new statement is put forward that the sequential multiple scaling method has the potential to provide a fairer and more transparent wage structure, according to the specific needs of SMEs, such as Warung Penyet Rejosari. The hypothesis proposed is that the application of the sequential multiple scale method will produce a more effective wage structure and increase employee job satisfaction at Warung Penyet Rejosari. It is assumed that by using this method there will be an increase in understanding and response to employee needs, which will ultimately have a positive impact on productivity and business sustainability. The problem solving approach that will be used is through field observation by collecting primary and secondary data. The main objective of this research is to evaluate and recommend a more effective wage structure and scale for the UKM Warung Penyet Rejosari. It is hoped that the recommendations resulting from this research can be adopted by similar SMEs in Boyolali Regency and other regions in Indonesia with the aim of improving employee welfare and overall business sustainability and can make a significant contribution to the development of more effective and sustainable human resource management strategies.

Theoretically, this research refers to concepts related to pay structure and scale (SSU), employee job satisfaction, and the sequential multiple scale method. According to Minister of Manpower and Transmigration Decree No. KEP49/MEN/IV/2004, in article 9 paragraph 2, it is explained that in a double sequential scale, the highest wage in a lower position group is less than the lowest wage in a higher position group. Meanwhile, article 10 paragraph 2 explains that the preparation of the wage structure and scale must take into account class, position, career, education, competencies and company conditions. First of all, SSU is a collection of policies and procedures that determine how wages are set and distributed within an organization (Ma'ruf, 2018). Pay structure refers to the differentiation of pay based on factors such as responsibilities, experience, and skills, while pay scale refers to the range of pay given to a particular position. The importance of SSU lies in its ability to create internal justice within organizations, which is the foundation for employee job satisfaction and productivity.

Then, job satisfaction is a concept that refers to an individual's level of satisfaction or dissatisfaction with their job and the work environment in which they work (Pradhana, 2022). Job satisfaction is influenced by various factors, including

compensation and incentives, working conditions, employment relationships, and career development opportunities. High job satisfaction is linked to increased productivity, better organizational performance, and better employee retention (Eryogia et al., 2023). The multiple multiple scale method combines several factors related to job level decisions such as responsibility, skills, training, and experience (Eryogia et al., 2023). In the context of this research, the sequential multiple scaling method can be applied to collect employee preferences regarding the desired pay structure and scale. This method allows researchers to understand employees' relative preferences for various aspects of SSU, such as wage levels, incentive systems, and fairness of wage distribution.

From a theoretical perspective, this research seeks to integrate these concepts in the context of SMEs where the challenges associated with human resource management are often greater compared to larger organizations. By understanding SSU and employee job satisfaction from a theoretical perspective, this research aims to contribute to a better understanding of how the implementation of the sequential multiple scale method can increase the effectiveness of SSU in the context of SMEs, specifically Warung Penyet Rejosari in Boyolali Regency.

## **RESEARCH METHODS**

The rationale for this research is based on the situation of the UKM Warung Penyet Rejosari in Boyolali Regency which has been operating for 16 years since 2008. This research focuses on the compensation system for UKM which continues to develop with a turnover of IDR 230,000,000 per month and total assets of IDR 350,000,000. Job analysis and job descriptions will be carried out before restructuring the pay structure and scale, using the attached method.



Picture 1 Framework of thought

This research uses quantitative and qualitative approaches. The quantitative approach is a method that is based on concrete data and is used for sample and population research (Sugiyono, 2018). The data in this research is in the form of numbers that can be processed with statistical analysis to test hypotheses. Meanwhile, the qualitative approach is a research approach based on postpositivism philosophy to study natural situations where the researcher acts as the main instrument with data collection techniques through triangulation (a combination of observation, interviews and documentation) (Sugiyono, 2018). Researchers used primary data which was conducted through in-depth interviews directly with Mr. Agus as *finance analyst* and direct surveys to respondents, namely 26 other employees consisting of 11 female employees and 15 male employees with positions as *manager*, cashiers, kitchen staff, and service staff. Secondary data was obtained through direct meetings as well as electronic media, such as *WhatsApp* to obtain employee identity or data, *Instagram*, *Facebook*, SME data archives, books and journals related to compensation management. The research was conducted for 2 months (February - March 2024) with salary mapping analysis used as a basis for improving the wage structure and scale. The results of the analysis are visualized in the form of graphs and tables to simplify the analysis process and conclusions. A good compensation system in business is able to motivate employees to provide their best performance, especially through increasing the

company's wage structure and scale. Improving the structure and scale of wages at UKM Warung Penyet Rejosari is carried out through one method, namely Sequential Double Scale.

Job evaluation and determining factor points must be carried out first by the manager or relevant position holder (Saraswati, 2019). With job evaluation, owners and managers determine numerical values for certain job factors, such as service delivery and number of subordinates, which are then added up to provide a relative assessment for each position in UKM Warung Penyet Rejosari. The same method is also used to map the wage structure and scale with the aim of obtaining position weights. Apart from that, salary mapping criteria analysis also needs to be carried out to develop a new compensation system that considers various factors and ideal compensation theories to encourage employees to achieve their best performance.

## RESULTS AND DISCUSSION

Warung Penyet Rejosari is a restaurant that was founded in 2008 and serves various menus, such as rice, chicken, duck and drinks at affordable prices, as well as various package menus ranging from IDR 20,000 to IDR 38,000. This shop also always tries to keep up with technological developments, such as collaborating with several *e-commerce* such as Gofood, Grabfood, Shopeefood so that SMEs become better known to the general public. The following is the organizational structure of UKM Warung Penyet Rejosari.

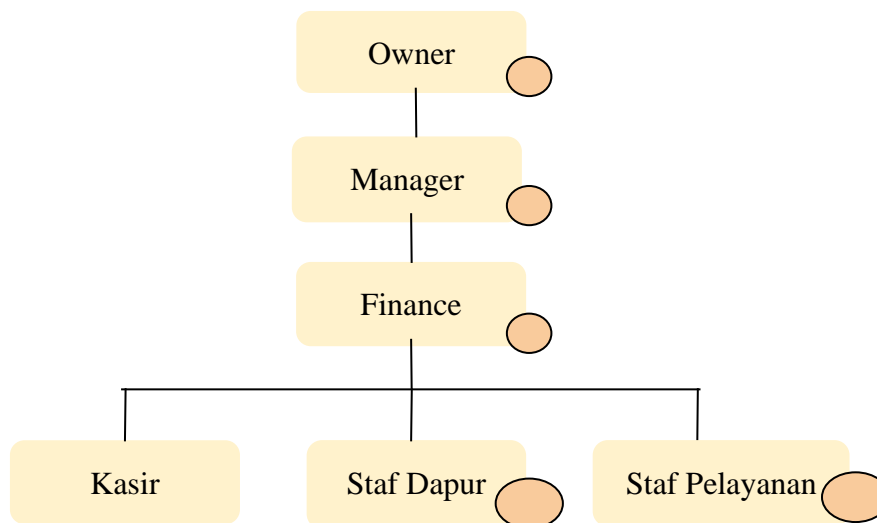


Figure 2 Structure of the UKM Warung Penyet Rejosari

In Figure 2 it can be seen that the UKM Warung Penyet Rejosari has 1 *owner* and 27 permanent employees, with one person *manager*, one person *finance analyst*, three cashiers, ten kitchen staff, and twelve service staff. Based on the results of interviews with Mr. Agus as *finance analyst*, the average monthly turnover of UKM Warung Penyet Rejosari is around IDR 230,000,000 per month and the assets owned are IDR 350,000,000.

This research only involved 27 employees in the salary design system, by position *owner* removed then only involves a few positions, namely 1) *manager* which is included in *grade 3*, 2) *finance analyst* which is included in *grade 2* and 3) cashiers, kitchen staff, and service staff are included *grade 1*. The characteristics of the respondents who are the subjects of this research can be seen in Table 1.

Table 1 Characteristics of respondents from UKM Warung Penyet Rejosari

No	Department	Gender		Last education					Work experience								
		L	P	SMA	D1	D2	D3	D4/S1	<1	≥1	≥2	≥3	≥5				
													-	-	-		
													<2	<3	≤4		
1	<i>Manager</i>		1						1								1
2	<i>Finance Analyst</i>	1					1										1
3	Cashier 1		1	1													1
4	Cashier 2		1	1													1
5	Cashier 3	1		1												1	
6	Kitchen Staff 1	1		1													1
7	Kitchen Staff 2	1		1													1
8	Kitchen Staff 3	1		1												1	
9	Kitchen Staff 4	1		1								1					
10	Kitchen Staff 5		1	1													1
11	Kitchen Staff 6	1		1													1
12	Kitchen Staff 7		1	1												1	
13	Kitchen Staff 8		1	1													1

No	Department	Gender		Last education					Work experience				
		L	P	SMA	D1	D2	D3	D4/S1	<1	≥1	≥2	≥3	≥5
14	Kitchen Staff 9	1		1									1
15	Kitchen Staff 10		1	1									1
16	Service Staff 1	1		1									1
17	Service Staff 2	1		1									1
18	Service Staff 3	1		1									1
19	Service Staff 4	1		1						1			
20	Service Staff 5	1		1									1
21	Service Staff 6	1		1									1
22	Service Staff 7	1		1									1
23	Service Staff 8		1	1									1
24	Service Staff 9		1	1									1
25	Service Staff 10		1	1									1
26	Service Staff 11		1	1									1
27	Service Staff 12	1		1									1

Source: Processed data (2024)

Table 1 describes the characteristics of respondents which shows that of the total 27 employees, 16 are men and 11 are women. Male employees tend to occupy positions that require additional physical strength, such as kitchen staff and service staff, while female employees tend to take roles that involve financial responsibility, such as cashiers and other support positions. All employees of UKM Warung Penyet Rejosari have a high school/equivalent educational background, with various levels of work experience ranging from two to five years or more in their respective fields. *Manager* have a D4/S1 degree, provisionally *finance analyst* have a D2 degree, with a minimum of five years of work experience for both positions.

The following is a comparison graph of the basic salary of 27 employees of UKM Warung Penyet Rejosari with Boyolali Regency UMK, which is IDR 2,250,327 and Central Java UMP is IDR 2,036,947.

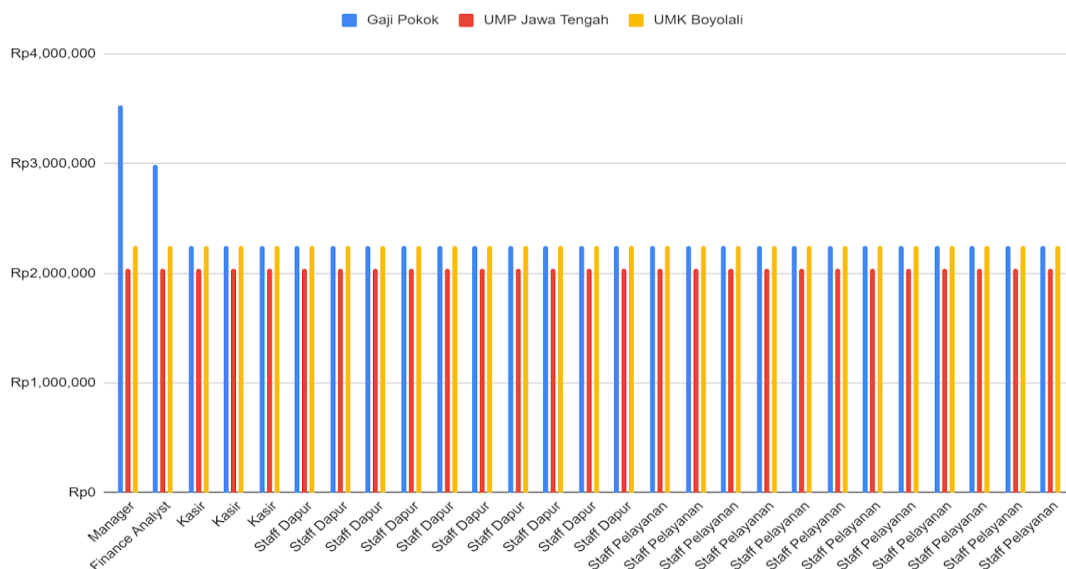


Figure 3 Comparison of basic salary with Central Java UMP and Boyolali Regency UMK.

Based on Figure 3, it can be concluded that there are two positions, namely *manager* with a salary of IDR 3,350,000 and *finance analyst* amounting to IDR 2,990,000 which has a salary above the Central Java UMP and Boyolali Regency UMK, while the salary for other positions such as cashiers, kitchen staff and service staff is IDR 2,250,000 above the Central Java UMP and is equivalent to the Boyolali Regency UMK.

UKM Warung Penyet Rejosari implements a compensation system for its 27 employees which can be analyzed using salary mapping (*salary mapping*). The following is a table mapping the existing salaries of UKM Warung Penyet Rejosari.

Table 2 Mapping of existing salaries for UKM Warung Penyet Rejosari

No.	Job Title	Grade	Number of people	Total Salary	Salary Range			Increase & Spread	
					Min	Midpoint	Max	Mid to Mid	Spread
1	Manager	III	1	Rp3,530,000	Rp3,530,000	Rp3,530,000	Rp3,530,000	18.1 %	0.0%
2	Finance Analyst	II	1	Rp2,990,000	Rp2,990,000	Rp2,990,000	Rp2,990,000	32.9 %	0.0%



No.	Job Title	Grade	Number of people	Total Salary	Salary Range			Increase & Spread	
					Min	Midpoint	Max	Mid to Mid	Spread
3	Casher								
4	Kitchen Staff	I	25	Rp56,250,000	Rp2,250,000	Rp2,250,000	Rp2,250,000		0.0%
5	Service Staff								

Source: Processed data (2024)

Based on Table 2, it is known that the payroll system for UKM Warung Penyet Rejosari is not yet at the ideal point. The following are the criteria that determine the ideal level of a payroll system:

1. Mark *mid-to-mid* smaller than the value *spread*. If you look at Table 2, this criterion is not met due to the value *mid-to-mid* greater than value *spread*, namely in part *grade II* and *grade III*. Nilai *mid-to-mid* which is greater than the value *spread* This shows that the salary difference between *grade* not significant. This can be interpreted as meaning that there is an imbalance in salary distribution in the UKM Warung Penyet Rejosari.
2. Mark *spread* directly proportional to the increase *grade*. If you look at Table 2, the size of the spread for each *grade* is 0.0% which indicates that the value *spread* not directly proportional to the increase *grade*. So, it can be concluded that this criterion is also not met.

The following is a graphic interpretation of the existing salary mapping at UKM Warung Penyet Rejosari.



Figure 4 Chart of existing salary mapping for UKM Warung Penyet Rejosari

Based on Figure 4, it can be seen that *grade* it is difficult to describe due to disproportionate data, namely the salaries of each staff member are the same as each other. However, it can be seen that between each *grade* do not coincide with each other or overlap each other, so there are several *job title* which is on *grade* which does not fit with *job value*-his. Based on the analysis of the existing salary mapping of UKM Warung Penyet Rejosari, it can be concluded that it is necessary to evaluate and prepare a new wage structure and scale using the sequential multiple scale method. The evaluation will consider the capabilities and criteria that apply to the UKM Warung Penyet Rejosari.

Salary mapping uses the sequential double scale method (*adhered*) is one way to develop a new wage structure and scale. The improvement stage begins with determining a new minimum salary *grade* I. Then, determine *spread* on each *grade* with value terms *spread* should be directly proportional to the increase *grade*. Continue by determining the new maximum salary using the formula  $[\text{min salary} + (\text{min salary} \times \text{spread})]$ . After that, determine the midpoint value with the formula  $[(\text{min salary} + \text{max salary})/2]$ . Lastly, determine value *mid-to-mid* on every *grade*, except on *grade* I because there is no midpoint value after *grade* I. Below is presented salary mapping using the sequential multiple scale method (*adhered*) in Table 3.

Table 3 Sequential multiple scale method salary mapping (*adhered*)

N o.	Job Title	Gra de	Num ber of peopl e	Total Salary	Salary Range			Increase & Spread	
					Min	Midpoin t	Max	Mid to Mid	Spre ad
1	Mana ger	III	1	Rp4,188,1 70	Rp4,188, 170	Rp4,921, 100	Rp5,654, 030	34.6 %	35%
2	Finan ce Analy st	II	1	Rp3,125,5 00	Rp3,125, 500	Rp3,656, 835	Rp4,188, 170	33.6 %	34%
3	Cashi er	I	25	Rp58,750, 000	Rp2,350, 000	Rp2,737, 750	Rp3,125, 500	33.6 %	33%
4	Kitch en Staff								
5	Servic e Staff								

Source: Processed data (2024)

Based on Table 3, it is known that the new minimum salary value used in *grade* I is IDR 2,350,000 taking into account the capabilities of SMEs. Then, *spread* which is used on *grade* I is 33%. So, after determining the minimum value of the new salary and *spread* at *grade* I, researchers can calculate the new maximum salary, namely IDR 3,125,500. In the sequential multiple scale method (*adhered*), the maximum value at *grade* previous will be the minimum value on *grade* furthermore. For example, the maximum value at *grade* I will be the minimum value at *grade* II. After that, you can continue to determine the midpoint value and *mid-to-mid*. Salary adjustments use the sequential double scale method (*adhered*) can be said to be ideal or meets the criteria if the value *mid-to-mid* smaller than the value *spread*, as well as value *spread* directly proportional to the increase *grade*. The following is a graphical interpretation of salary improvements using the sequential double scale method (*adhered*).

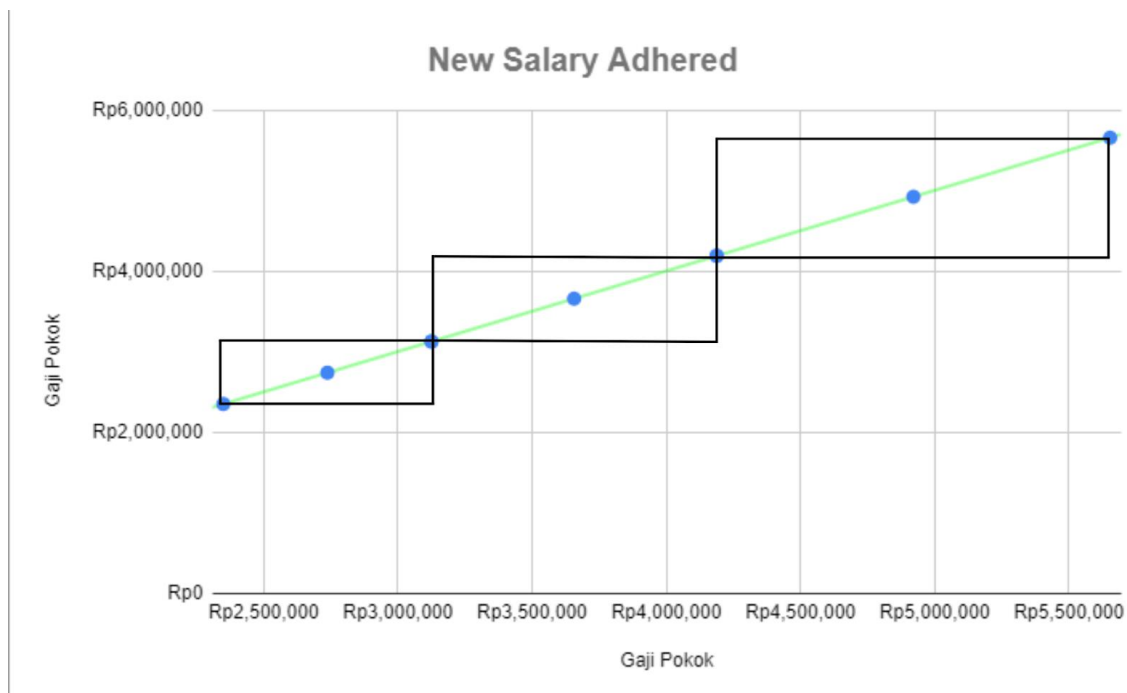


Figure 5 Graph of salary improvements using the sequential double scale method

Based on Figure 5, it can be seen that inter *grade* coincide with each other which indicates that the maximum value at *grade* has previously been used as a minimum value in *grade* furthermore. In addition, it is known that salary improvements use the sequential double scale method (*adhered*) has reached the ideal word. This is because of value *mid-to-mid* smaller than the value *spread* and value *spread* has been directly proportional to the increase *grade*. The following is a comparison of salaries before and after improvements were made using the sequential double scale method (*adhered*).

Table 4 Comparison of salaries for Ayam Penyet Rejosari UKM

No.	Job Title	Grade	Old Salary	New Basic Salary	Salary GAP
1	Manager	III	Rp3,530,000	Rp4,188,170	Rp658,170
2	Finance Analyst	II	Rp2,990,000	Rp3,125,500	Rp135,500
3	Cashier				
4	Kitchen Staff	I	Rp56,250,000	Rp58,750,000	Rp2,500,000
5	Service Staff				

Source: Processed data (2024)

Based on Table 4, it is known that each *grade* experienced a positive increase in salary. The total salary gap before and after salary improvements uses the sequential double scale method (*adhered*) is IDR 3,293,670. Then, UKM Warung Penyet Rejosari revealed that the UKM's ability to pay employees is a maximum of 30% of the turnover earned each month. Therefore, to determine the level of ability of SMEs to meet the salary increase, a calculation will be carried out by comparing the total old and new salaries with the SME turnover listed in Table 5.

Table 5 Percentage comparison of SME turnover with total salaries

Information	Total Salary	Total SME Turnover	Percentage Comparison of SME Turnover with Salary
Old Total Salary	Rp62,770,000	Rp230,000,000	27.29%
Total New Basic Salary	Rp66,063,670	Rp230,000,000	28.72%

Source: Processed data (2024)

Table 5 shows that the gap between SME turnover and the percentage of old salaries and new salaries is only 1.43% different. Then, the percentage of UKM turnover with the new total basic salary is 28.72%. This value is still within the maximum limit for UKM, which is 30% so that UKM Warung Penyet Rejosari can afford the salary change.

## CONCLUSIONS AND SUGGESTIONS

In research conducted on the UKM Warung Penyet Rejosari in Boyolali Regency, it was found that evaluating the wage structure and scale is a crucial aspect in compensation management. Quantitative and qualitative approaches were used to explore concrete and in-depth data regarding the compensation system implemented, the results of the salary mapping analysis showed that there was unprofessionalism in the existing salary structure, which indicated the need for evaluation and preparation of a new structure using the sequential multiple scale method. Salary transactions are carried out through structured steps, starting from determining the minimum salary, *spread* on each *grade*, to determine the maximum salary with a total gap of IDR 3,293,670. The

sequential double scale method is the main basis for preparing a salary structure that is more proportional and in accordance with the value of each employee's work. Thus, carefully prepared salary mapping can be a strong basis for improving employee performance and improving the overall compensation structure.

Based on the calculation of the wage structure and scale using the sequential double scale method for UKM Warung Penyet Rejosari, a salary increase can be applied to this UKM because the percentage ratio of UKM turnover with old and new salaries has a gap of only 1.43%. The percentage ratio between UKM turnover and new salaries is still below 30%, so UKMs can still afford salary changes using the sequential double scale method. Besides that, *job title* can be classified in more detail, in particular on *job title* kitchen staff that can be developed into *cooker*, staff *juicer*, and staff *dishwasher*. This research also highlights the importance of understanding appropriate compensation management practices for employees. Therefore, employees will feel appreciated and motivated to achieve company goals by providing their best performance and reflecting values for employees, families and society at large.

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