

## **ANALYSIS OF EMPLOYEE WAGE SYSTEM (Case Study on Brokerage UMKM in Sukosewu Village, Blitar)**

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### **ABSTRACT**

*This study aims to find out how the employee wage system in MSMEs in Blitar Regency is UMKM Rumah Bros. This research was carried out in one of the MSMEs in Blitar, namely Bros House located in Sukosewu Village, RT. 03 RW. 01 Gandusari District. UMKM Rumah Bros is engaged in brooch making. Wage systems and procedures for MSMEs have an important role in achieving business success. If the wage system and procedures are well implemented, the wage process will be organized so that it does not create disparity and jealousy among employees. Data collection techniques in this study were observation, interviews, and documentation. Observation is carried out by conducting direct reviews and observations on the implementation of employee remuneration. Interviews are conducted by asking a number of questions with the business owner and other employees concerned with the research conducted. Documentation is done by collecting relevant data. After collecting the data needed in the study, the researcher conducted an analysis. The analysis was carried out by triangulation. The researcher used data triangulation, method triangulation, and theory triangulation. The results showed that the employee salary system at UMKM Rumah Bros had been carried out quite well. This can be seen from the network and procedures that include the functions of the related parts, the documents used, the accounting records used, and the wage system applied.*

**Keywords: Employee, Wages System, UMKM**

### **Introduction**

Indonesia is a country that has high economic potential which has begun to be considered internationally. The economy in Indonesia is currently experiencing pressure. Actually the pressure in the economy in Indonesia has been felt for a long time and still exists today. Nevertheless the economic conditions in Indonesia are still said to be healthy. In this case Micro, Small and Medium Enterprises (MSMEs) contribute significantly in the process of restoring the Indonesian economy so that MSMEs can be seen as saviors of the economy in Indonesia.

Blitar region is one of the regions in East Java which consists of regencies and cities. One of the potentials in Blitar District which is the most prominent is agriculture. This is because the economic structure of Blitar Regency is still very dependent on the agricultural sector. In addition to agriculture, the industrial sector which also plays a role in the economy

in Blitar Regency is MSMEs. MSME stands for small and medium micro enterprises.

Based on Law Number 20 of 2008, micro-enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria of micro-enterprises as stated in this law. As for the criteria of micro-businesses, the assets owned are a maximum of 50 million, and the turnover obtained is a maximum of 300 million. Small businesses are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries of companies that are owned, controlled, or become part of either directly or indirectly from medium-sized businesses or large businesses that meet the criteria as intended. in Law Number 20 of 2008. The criteria for this small business are assets owned by more than 50 million to 500 million, and the turnover obtained is more than 300 million to 2.5 billion

MSMEs are considered capable of contributing up to 99% for economic development in Indonesia. That is because MSMEs generally utilize local resources, including human resources, capital, raw materials, and equipment. In Blitar, although the contribution of MSMEs was still below the agricultural sector, MSMEs were able to lift economic growth in Blitar District.

One important thing for an effort to achieve success is employee welfare. Employee welfare can be realized by providing wages for services that have been made. Based on law number 13 of 2003 concerning labor, hereinafter referred to as the Manpower Act (UUUKK) in chapter 1, article 1 number 30 states that wages are workers' rights which are received and expressed in the form of money as compensation from employers or employers to workers / laborers who are determined and paid according to a work agreement, agreement or legislation, including benefits for workers / laborers and their families for work / services that have been or will be carried out (Huda, Anam Miftakhul. Farida, 2018).

Accounting system is the art of recording, classifying, summarizing and reporting financial transactions of an organization in certain systematic ways, as well as interpretations of the results (Mardiasmo, 2012: 1). The accounting system is used to process data and transactions so that it has a very important financial function and role in carrying out the company's operations and to certain parties who need it to make decisions or find out the company's financial position.

The Accounting System in an MSME also has an equally important role with the wages of employees. The accounting system can be the basis for decision making in business management. With the existence of an accounting system, operational standards can be made well. so that there is no deviant work and facilitate control activities. In addition, with the

existence of an accounting system a work carried out is planned according to the procedure so that it can increase efficiency. A good and intact accounting system can facilitate the transfer of knowledge and experience (Ika Yulianti, Endah Masrunik, Anam Miftakhul Huda, 2018).

Indonesia applies several wage systems to pay wages. The system is a unit consisting of interconnected parts that aim to achieve certain goals (Baridwan, 2015: 2). The wage system applied in Indonesia is a time-based wage system, a piece rate system, a system according to a single unit of outcome, and a premium wage system. In addition to the system mentioned earlier, there is a wage system that can stimulate employees to improve their performance. The system is a bonus system.

The time-based wage system is a wage system that is based on the length of time someone works. Based on this wage system, employees can make the most of the time allocated to do the work. However, this system also has weaknesses. Weaknesses in this system are that employees do not pay much attention to the quality of work, including not paying attention to the delay in material or equipment damage (Mulyapradana and Hatta, 2016: 17).

The second system is the piece rate system. The amount of wages received in this wholesale system is determined by the amount of goods produced by an employee. To maintain the quality of work results, the provisions for the goods produced from the work are determined in advance and agreed upon, including conditions and requirements for work, equipment used, and how to work (Wibowo, 2007: 20).

The third system is a wage system according to one outcome measure. Under this system wages are set for the unity produced by workers not because of the length of time worked. This system is not applied to permanent employees and types of work that do not have physical standards, such as administrative staff (Larasati, 2018: 101). Premium wage system. In this system, the employer provides additional wages or premiums for employees who are able to work better. (Wibowo, 2007: 21).

The employee wage system does not only cover procedures for paying wages to employees, but also includes procedures for making wage lists, procedures for recording attendance and work time (Mulyadi, 2016: 20). The functions associated in the wage system are staffing functions, time recording functions, wage list maker functions, and accounting functions. In addition to functions, documents used in remuneration are supporting documents for changes in wages, attendance lists, wages list, wage list recap, wage statement letter, wage envelope, and proof of cash out.

Staffing functions are responsible for hiring employees, assigning positions, stipulating wage rates, promotion and demotion, transferring employees, terminating employees from their jobs, and stipulating various employee welfare benefits and calculating employee wages.

The time recording function is responsible for holding attendance records for all employees. The function of recording time of attendance must not be carried out by the function of operations or by the function of making a payroll.

The function of making a wage register is responsible for making a list of wages that contain gross income which is the right and various deductions that are borne by each employee during the period of payment of wages. The list of wages is submitted by the wage list maker to the accounting function to produce proof of cash out which is used as the basis for payment of wages. The accounting function is responsible for recording liabilities that arise in relation to employee wages (Huda & Martanti, 2018).

In fact, the implementation of the wage system has not maximally implemented the system in providing wages to employees. This is because many MSME owners do not understand about an accounting system. So that indirectly that kind of thing that causes the gap and jealousy among employees.

Rumah Bros is one of the MSMEs in Blitar Regency, more precisely located in Sukosewu Village RT 03 RW 01, Gandusari District. Rumah Bros is based in 2012. The products produced from this UMKM are hijab brooches and hijab accessories. The Hijab trend that is increasingly prevalent in Indonesia provides business opportunities for homeowners to earn income.

Based on the description above, the researchers were interested in conducting research on employee wage systems with the title "ANALYSIS OF EMPLOYEE WASTE SYSTEM" (Case Study on Brokerage UMKMs in Sukosewu Village, Gandusari District, Blitar District).

### **Research Methodology**

The method used in this study is a qualitative research method with a case study approach. Qualitative research methods are research methods used to examine the conditions of natural objects, where researchers are key instruments (Sugiyono, 2005). Case studies are qualitative research approaches that are used to understand an issue or problem using a case (Creswell, 2007: 73).

Data collection techniques in this study were observation, interviews, and documentation. Observation is a way of collecting data by involving relationships of social interactions between researchers and

informants in a research setting (observing objects of research in the field) (Moleong, 2010: 125). Observation is carried out by conducting direct reviews or observations on the implementation of employee remuneration. Interviews are data collection by submitting a number of questions verbally to be answered verbally as well. Interviews are a form of communication between two people involving someone who wants to get information from someone else by asking questions based on certain goals (Mulyana, 2004: 180). Interviews were conducted with question and answer directly with business owners and other employees who collaborated with the research conducted. In interviewing one of the things that is also important is the selection of the right informant because the information provided by the informant is the data provided. The data provided can present what is sought in the problems raised in this study. Documentation is a data collection technique that is not directly indicated to the subject of research, but as supporting data that is needed by researchers (Mulyana, 2004: 195). Documentation is done by collecting relevant data and documents.

Data analysis was carried out by triangulation so that the validity of the data in the study could be fulfilled. Triangulation is a technique of checking the validity of data that uses something else outside the data for the purpose of checking or as a comparison to that data (Moleong, 2007: 330). In qualitative research, there are four types of triangulation. According to Patton (in Pawito, 2007: 99) the four types of triangulation are data triangulation, method triangulation, theory triangulation, and researcher triangulation. Of the four types of triangulation, the researcher used three types of triangulation, namely data triangulation, method triangulation, and theory triangulation. Data triangulation is done by looking for data from many informant sources, namely people who are directly involved with the object of study. Triangulation methods are carried out using various methods of data collection. Whereas theory triangulation is done by examining various relevant theories, so that in this case no single theory is used but with a plural theory (Endraswara, 2006: 110).

## **Discussion**

Rumah Bros is one of the MSMEs in Blitar Regency, more precisely located in Sukosewu Village RT 03 RW 01, Gandusari District. Rumah Bros is based in 2012. The products produced from this UMKM are hijab brooches and hijab accessories. The Hijab trend that is increasingly prevalent in Indonesia provides business opportunities for homeowners to earn income.

The analysis in this study is used to determine the wage system on employees that starts from the analysis of wage systems applied by MSME owners, analysis of related functions, analysis of documents used,

analysis of accounting records used, and analysis of network procedures that make up the accounting system .

Based on the results of interviews conducted by researchers with MSME owners Rumah Bros that the wage system applied by UMKM Rumah Bros is a time-based wage system. wage payments are made once every month, ie every first day and wages are given directly to employees. In addition, MSME owners provide overtime wages if brooch orders are increased so additional staff are needed at the appointed hour and overtime payment is given together with the basic wage given once a month. In addition to the basic wages and overtime wages, MSME owners will also give bonuses to their employees if the sales turnover from brooch sales exceeds the predetermined target. Just like overtime pay, bonus wages are also given along with basic wages.

Based on the results of interviews conducted by researchers with MSME owners regarding the functions related to the wage system, the functions related to employee remuneration are quite good even though there are still weaknesses.

a. Staff Function Analysis

At UMKM Rumah Bros the staffing function has been well implemented by raising employees and providing training to new employees, as well as calculating and determining the amount of wages to be given to employees.

b. Analysis of the Timekeeping Function

The time recording function has been carried out properly by the time recording section by way of employing employees when coming and going home. Record employee work time and record employee overtime if other employees carry out overtime.

c. Analysis of Functions Related to Giving Wages

In this case there is a weakness related to wages, namely the existence of multiple functions. The function of the wage list maker does almost all employee wage processes including carrying out accounting functions and providing wages to employees. This becomes less effective because the work that is supposed to be carried out by the accounting function becomes overlapping with the work carried out by the wage-register function. Likewise in wages. The function of making a list of wages concurrently a task by carrying out tasks as a wage giver.

Based on the results of interviews conducted by researchers with MSME owners regarding the documents used, that the documents used are quite good but there are still shortcomings (Kurniasari, Dita, Huda, 2018). The following is a description of the analysis of documents related to employee wage systems:

a. Analysis of Supporting Wage Change Documents

In Rumah Bros MSMEs there are no supporting documents for wage changes so that there is no explanation of the transfer of employee positions in writing which makes jealousy between one employee and another employee.

b. Employee Attendance List Analysis

The list of attendances used by Rumah Bros is good. This attendance list includes employee attendance lists and employee work time lists. With the attendance list information about the presence of each employee can be well informed.

c. Analysis of Wages List, Wage Recap, and Wage Slip

The list of wages and the recap of the wage list are good because they are in accordance with the attendance list, employee overtime records, and notes on the amount of bonuses that will be given by employees. There is no letter of wage statement or wage slip so that there are no details of wages received by the employee. The absence of these documents is feared to trigger the payment of wages to employees not in accordance with agreed conditions. Wages are given directly to employees without using envelopes.

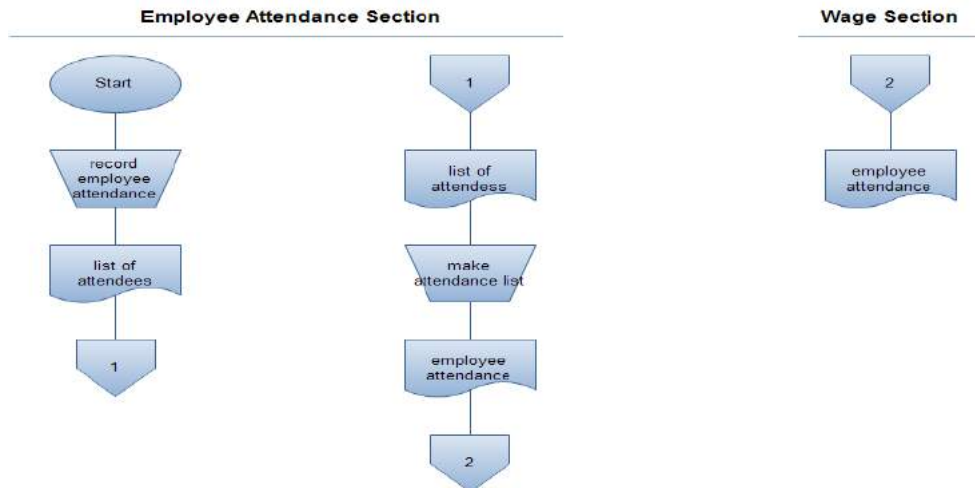
Based on the results of interviews conducted by researchers to informants about the accounting records used, that the records used by UMKM Rumah Bros are cash in and cash out books. In addition to cash in and cash out books, the business owner also uses the income statement but the income statement still uses a simplified version. Because Rumah Bros is still categorized as a micro business, the accounting records used are said to be quite good.

From the interview activities conducted by the researcher to the informant that regarding the network procedures that form the wage accounting system, the researcher conducted an analysis of the procedure for recording attendance lists, analyzing wage procedures for employees.

a. Procedure for recording employee attendance lists

The procedure for recording employee attendance lists has been carried out properly. recording of employee attendance list includes recording employee attendance time, employee work time, and notes on employee employees. The procedure for recording employee attendance is only done by the recording of employee attendance lists. When the time for payment of wages has arrived, then the part of the employee attendance register records the attendance list of employees to the wage section. The following is a flow chart (Flowchart) regarding the procedure for recording employee attendance lists:

**Gambar 1.1**  
**Flowchart of The Employee Attendance List Registration Procedure**



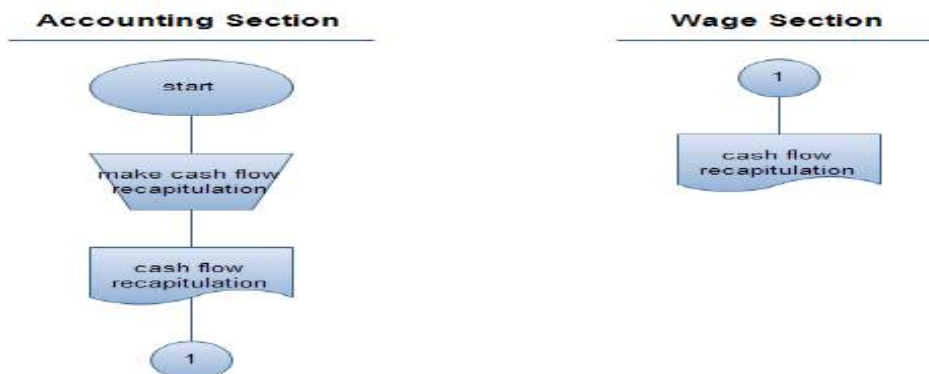
Source: Section for Listing of House Brochure Attendance Lists

The explanation of the flowchart above is as follows:

b. Wage Procedure

In this case the wage procedure still has weaknesses because in this procedure a duplicate task occurs. In this procedure the wages section performs all tasks related to wages. Starting from making a list of employee wages, calculating the amount of wages and bonuses of employees up to providing wages to employees. Giving wages to employees is not accompanied by a wage slip and in paying wages the wages do not include wages into the wage envelope. For more clarity the understanding of wage procedures to employees can be seen through the flowchart below:

**Gambar 1.2**  
**Flow Chart (Floechart) Procedure for Recapitulation of Cash in and Cash Out**



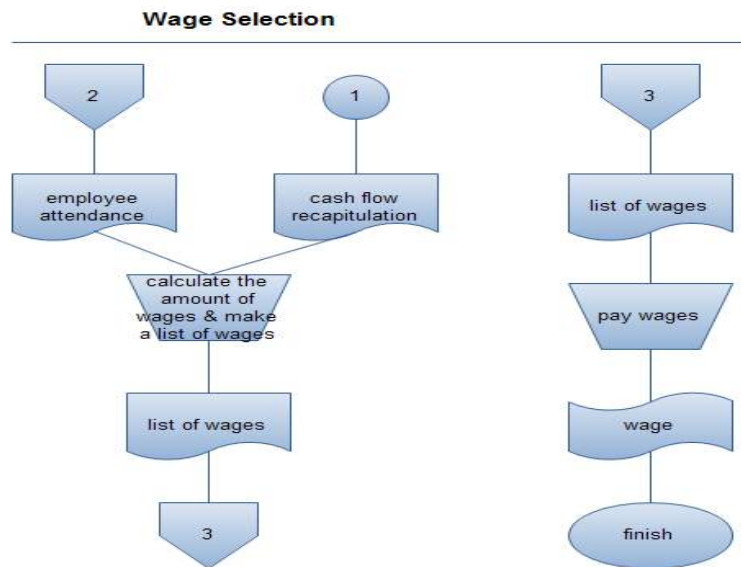


Source: Rumah Bros Brokerage Section

The explanation of the flowchart above is as follows:

1. The accounting department makes recapitulation of cash in and cash out. Cash in comes from transfer records from bro buyers. While the cash out contains records of expenses in the form of postage notes, expenditure records, and other records which are expenses.
2. After making a recapitulation of cash in and cash out, the accounting department submits the recapitulation of the cash in and cash out to the wage department.

**Gambar 1.3**  
**Wage Flowchart in Wages Section**



Source:Rumah Bros Brokerage Section

The explanation of the flowchart above is as follows:

1. Wages section receives a list of attendance from the attendance section and receives recapitulation of cash in and cash out of the accounting section.
2. After receiving the attendance list and recapitulation of cash in and cash out, the wages section calculates the amount of wages to be given to employees which includes basic wages, overtime wages, and bonuses. After calculating the amount of wages to be given to employees, the wages section makes a list of wages.
3. The list of wages made earlier contains details of the wages that will be given to employees.
4. Wages are given directly to employees with cash.

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After analyzing the age system applied by Rumah Bros, analyzing the functions that are assembled, analyzing the related documents, analyzing the accounting records used, and analyzing the procedures that make up the accounting system, then the researchers conducted a comparison between the payroll system theory and the conditions the real thing is at Rumah Bros. the comparison can be seen as follows:

**Table 1.1**  
**Comparison between Theory and Reality at Rumah Bros**

	Theory	Reality
Wage system	<ol style="list-style-type: none"> <li>1. Time based wage system</li> <li>2. The piece rate system</li> <li>3. Wage system based on a single unit of results</li> <li>4. Premium wage system</li> </ol>	<ol style="list-style-type: none"> <li>1. Time based system (used is monthly)</li> <li>2. Bonus system</li> <li>3. Overtime pay</li> </ol>
Related Function	<ol style="list-style-type: none"> <li>1. Staffing functions</li> <li>2. The function of recording time</li> <li>3. Function of wage list maker</li> <li>4. Accounting function</li> </ol>	<ol style="list-style-type: none"> <li>1. Staffing functions</li> <li>2. The function of recording attendance lists</li> <li>3. Wage function</li> </ol>
Related documents	<ol style="list-style-type: none"> <li>1. Document supporting changes in wages</li> <li>2. . Clock cards present</li> <li>3. Working hours card</li> <li>4. List of wages</li> <li>5. Recap the list of wages</li> <li>6. Statement of wages</li> <li>7. Wage envelopes</li> <li>8. Proof of cash out</li> </ol>	<ol style="list-style-type: none"> <li>1. Employee attendance list</li> <li>2. Payroll</li> </ol>
Network procedures that form the accounting system	<ol style="list-style-type: none"> <li>1. Procedure for recording time is present</li> <li>2. Procedure for recording work time</li> <li>3. Procedure for making wage list</li> <li>4. Procedure for distributing salaries and wages</li> <li>5. Procedure for paying salaries and wages</li> </ol>	<ol style="list-style-type: none"> <li>1. Procedure for recording attendance lists</li> <li>2. Wage procedure</li> </ol>

Source: Research (2019)

Based on the comparison table between the theory and reality at Rumah Bros, it can be seen that from the four theories of wage system applied Rumah Bros adopts a system of payment of wages based on time, a bonus system and overtime wages. From the table above, it can also be seen that the wage system in Rumah Bros is simpler compared to the theory put forward. This is because Rumah Bros is still in the micro business category, so that in its payment system there are still limited functions so that the accounting documents and records used are still

simple.

### **Conclusion**

Based on the discussion about the employee wage system at Rumah Bros UMKM above, the conclusions from this study are as follows:

1. The wage system applied by UMKM Rumah Bros is a time-based wage system. In addition to basic wages, business owners also provide bonus wages if the turnover obtained exceeds the specified target.
2. Functions related to wage systems at Rumah Bros MSME include staffing functions, the function of recording employee attendance lists, and wage functions. However, the functions associated with wage systems in Rumah Bros MSMEs have not been fully implemented because there are still multiple tasks that are carried out by wages, namely as a function of making wage lists and accounting functions. Dokune used
3. Documents related to the wage system in MSME Rumah Bros are good enough but there are still shortcomings including no supporting documents for wage changes, no wage recap, no wage envelopes and proof of cash out.
4. Accounting records used are cash in and cash out books, as well as simple income statements. For network procedures that form the accounting system, at UMKM Rumah Bros there is only a procedure for recording employee attendance lists and employee wage procedures.

### **Suggestion**

Based on the discussion about the employee wage system at the Rumah Bros. UMKM above, researchers can provide suggestions between the following types:

1. The accounting function should be added so that there is no duplication of functions and the work carried out does not overlap with other jobs so that work can be more effective and efficient.
2. When giving wages to employees, they should use wage envelopes. The wages given without using envelopes will be clearly seen how much the wages received. This can lead to a gap between one employee and another employee.

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