LOCAL AND EXPATRIATE WORKERS: SIMILAR BUT NOT THE SAME

(A STUDY CASE ON COMPENSATION IN PAXOCEAN GRAHA TRISAKA INDUSTRI BATAM)

A THESIS

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DECLARATION OF AUTHENTICITY

Hereby, I declare that in the writing of this thesis there is no work ever submitted for a degree at a college, and as far as I know, there is no work or opinion ever written or published by any other person except those expressly referred to in this manuscript and mentioned in the reference. If later proved that this statement is not true, then I am able to accept any punishment or sanction in accordance with the applicable regulations.

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TABLE OF CONTENTS

Title Page ..... **i**

Approval Page ..... **ii**

Legalization Page ..... **iii**

Declaration of Authenticity ..... **iv**

Acknowledgement ..... **v**

Table of Contents ..... **viii**

List of Tables ..... **xii**

List of Figures ..... **xiii**

List of Appendices ..... **xiv**

Abstract ..... **xv**

CHAPTER I: INTRODUCTION **1**

1.1. Research Background 1

1.2. Problem Statement 5

1.3. Research Objectives 6

1.4. Research Contributions 6

CHAPTER II: THEORETICAL BACKGROUND **8**

2.1. Literature Review 8

2.2. Theoretical Basis 26

2.2.1. Human Resource Management 26

2.2.2. International Human Resource Management 27

2.2.3. Staffing in International Human Resource Management 29

2.2.4. Types of International Assignment 37

2.2.5. Compensation 38

2.2.6. Form of Pay 40

2.2.7. Objectives of Compensation 43

2.2.8. Strategic Policies of Compensation 43

2.2.9. The Approach of Setting Pay Rates 45

2.2.10. Factors Affecting Compensation 47
2.2.11. Components of International Compensation for Expatriates 50
2.2.12. The Approach of International Compensation of Expatriates 54
2.2.13. Motivation 57
2.2.14. Motivation Theory 58
2.2.15. Job Performance 65
2.2.16. Factors Affecting Job Performance 66
CHAPTER III: RESEARCH METHODS 70
3.1. The Research Approach 70
3.2. Location of the research 71
3.3. Description of the Company 71
3.4. The Research Informants 72
3.5. Research Focus 74
3.6. Research Instrument 74
3.7. Data Collection 78
3.8. Data Analysis 81
3.9. Data Validity Test 82
CHAPTER IV: EXPATRIATE IS POWERFUL 87
4.1. Introduction 87
4.2. Centralized Management 88
4.3. Transfer Knowledge 90
4.4. Communication Needs 94
4.5. Expatriate Workers Have Discipline Personality 95
4.6. Summary of Research Results 97
CHAPTER V: SUITABILITY OF JOB AND COMPETENCY AS THE MAIN KEY 102
5.1. Introduction 102
5.2. Using Salary, Competency, and Benefit Principal 103
5.3. Using Wage Salary and Structure 104

5.4. Looking at Organizational Needs.....109
5.5. Looking at Other Individual Factor.....113
5.6. Summary of Research Result.....118
CHAPTER VI: THE GIFTS FROM COMPANY TO WORKERS 122
6.1. Introduction.....122
6.2. Financial Compensation.....122
6.3. Non-Financial Compensation.....138
6.4. Summary of Research Result.....140
CHAPTER VII: AWARENESS TO GO FORWARD 143
7.1. Introduction.....143
7.2. Looking for experience.....144
7.3. Good Corporate Condition.....146
7.4. The Supports from Superiors and Responsibilities.....147
7.5. Actualizing the Company Goals.....148
7.6. Summary of Research Result.....148
CHAPTER VIII: EXCELLENCE IN EVERY THOUGHT AND WORKS. 152
8.1. Introduction.....152
8.2. Relatively Rapid Promotion.....152
8.3. Faster in Doing Work Compared to Others.....154
8.4. Achievements Come from A Project.....156
8.5. Summary of Research Result.....158
CHAPTER IX: LOCAL AND EXPATRIATE WORKERS: SIMILAR BUT NOT THE SAME 162
9.1. Introduction.....162
9.2. The Reason of Hiring Expatriate Workers Because of Centralized Management, Transfer of Science, Communication Needs, and Discipline Personality.....163
9.3. The Ways in Determining Compensation Are Job Evaluation for Locals and Market-Based for Expatriates.....169

9.4. Compensation Given to Local Workers and Expatriate Workers Is Not Much Different 172
9.5. Motivation of Local Workers and Expatriate Workers Affected by Self-Actualization, Corporate Condition, Responsibility, and Actualizing Corporate Purpose 177
9.6 Working Achievement of Local Workers and Expatriate Workers is Good 180
CHAPTER X: CONCLUSION AND RECOMMENDATION 184
10.1. Conclusion 184
10.2. Recommendation 188
REFERENCES 190
APPENDICES 194
AUTHOR'S BIOGRAPHY 295

LIST OF TABLES

Table 2.1 : The Summary of Previous Research 13

Table 4.1 : The Reasons of PaxOcean Graha Trisaka Industri Employ the Expatriate Workers (Summary).....98

Table 5.1 : Differences Organizational Needs 109

Table 5.2 : Reorganization Factor 111

Table 5.3 : The Consideration in Determining Compensation of PaxOcean GTI (Summary).....119

Table 6.1 : Compensation Received by Local Workers and Expatriate Workers (Summary).....141

Table 7.1 : Work Motivation of Workers at PaxOcean Graha Trisaka Industri Batam (Summary).....149

Table 8.1 : Local and Expatriate Workers' Perfromance and Achievement in PaxOcean GTI (Summary).....159

Table 9.1 : The Reasons of PaxOcean Graha Trisaka Industri Employ the Expatriate Workers.....163

Table 9.2 : The Consideration in Determining Compensation of PaxOcean GTI 169

Table 9.3 : Compensation Received by Local Workers and Expatriate Workers.....174

Table 9.4 : Work Motivation of Workers at PaxOcean Graha Trisaka Industri Batam 177

Table 9.5 : Local and Expatriate Workers' Performance and Achievement.....182

LIST OF FIGURE

Figure 5.1: Wage Structure and Scale (example).....105

LIST OF APPENDICES

Appendix A: The Interview Guidelines 194

Appendix B: Data Reduction 199

Appendix C: Data Display 229

Appendix D: Transcript of Interview 233

Appendix E: Documentation 290

LOCAL AND EXPATRIATE WORKERS: SIMILAR BUT NOT THE SAME

(A Study Case on Compensation in PaxOcean Graha Trisaka Industri Batam)

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ABSTRACT

The purposes of this study were to find out the company's reason to employ expatriate workers (EW), the ways in determining compensation for local workers (LW) and expatriate workers (EW), the compensation given to LW and EW, the motivation and performance of LW and EW in working. This study was qualitative case study approach. Documentation and interview were the technique in collecting the data. The key informants were five persons from the management, LW, and EW. Data analysis used was data reduction, display, and conclusion while to test the validity of data it used credibility and transferability test. This study found that the company hired EW because the company adopted ethnocentric approach which is the lack of highly qualified LW especially in technology was to be one of the foundations of the PaxOcean GTI employing EW. In determining compensation for LW, the company adopted job evaluation method and for EW, it adopted balance-sheet approach. Both LW and EW got financial and nonfinancial compensation. However, there was little difference in those components. Compensation was not the main cause for LW and EW to work. Seeking for experience was the greatest motivation of LW that is similar with Maslow's Theory whereas the responsibility and actualization of company goals were the motivation of EW that similar with McClelland's Theory. The performance of them was good and it was also influenced by non-financial compensation they get from the company.

Keywords: *Compensation, local worker, expatriate worker.*

CHAPTER I

INTRODUCTION

1.1 Research Background

Today, the era of globalization is growing rapidly. Globalization implies that countries are becoming more integrated into the multinational economy, increasing people's interaction, information exchanges, technology transformations and convergence in cultural activity (Chang *et.al*, 2015 in Kandil *et.al*, 2017). Globalization is also characterized by the increasing number of cooperation or integrated relations between countries in the world. The formation of cooperation groups between countries will benefit the member countries that can be seen from the free trade among countries as well as smoother capital and manpower flow between countries because the obstacles are keep being eliminated (Suci *et.al*, 2015). Indonesia is one of the countries that are members of WTO (World Trade Organization) so that Indonesia has an obligation to open the market access of its member countries, both to the trade of goods and services (Randang, 2011). It is realized by making Batam as a free trade area so as to open opportunities and ease of entry of expatriate workers to Indonesia. By making Batam as a free trade area, Indonesia is expected to be seen by competing countries will be able to seize the international market.

The entry of expatriate workers can have a positive impact on economic growth in Indonesia, but can also have a negative impact, for example, it can narrow job opportunities for local workers which will affect the level of compensation earned by

local workers. It will also affect the needs of life of the local workers themselves. Although there are many companies establish in Batam, however, the ease with which expatriate workers enter to Batam may cause limited employment opportunities for local workers. Moreover, the expatriate image who has a better quality of education and skills than local workers (Randang, 2011) causing many companies in Batam prefer to use expatriate. In addition, the idea that human resources in Batam is still not able to support the development of Batam as an industrial city and also the quality of its workers still do not meet the company standards, then the company chooses to hire expatriate workers in the company, even the expatriate workers occupy key positions in the company which may actually be occupied by local workers. As a result, local workers seem to get no chance and this will further add to unemployment in Batam. However, this is just one of many reasons for companies to hire expatriate workers.

The narrowing of employment opportunities for local workers due to the entry of expatriate workers to Batam will also affect their level of compensation. As it is known that until now compensation is still the most frequent problem in Batam. The number of demonstrations that occurred in Batam is always concerned about the minimum wage increase because the longer the cost of living in Batam is also higher so that the salary or wages they get are considered not able to meet their life needs. In addition, the presence of expatriate workers is increasingly showing the difference in the level of compensation between local workers and expatriate workers, especially at the same level of position. According to the Central Executive Board of the

Federation of Indonesian Metal Workers Union, Roni Febrianto, expatriate workers are paid according to the country of origin (home country) currency. If the dollar is high, it will obviously cause a discrepancy between the salaries received by local workers and expatriate workers. This will certainly lead to social jealousy (Pujiastuti, 2015).

The existence of social jealousy of the compensation which is shown by local workers towards expatriate workers results in a decrease in the performance of the local workers themselves while working. They feel that they get the compensation that is not fair, especially for workers who are in the same position level. The same level of position indicates that the burden of duties and responsibilities they bear must be the same, so the compensation they receive should also be the same so it is said to be justice for them. When people (workers) are not being fairly rewarded, they show signs of 'dissonance' or dissatisfaction which lead to absence, voluntary turnover, on - job shirking and low-trust employee relations (Torrington *et.al*, 2014) resulting in a decrease in their performance. In fact, in essence, if the compensation is given fairly to the workers, it can make the worker more motivated and improve their performance which later becomes a benefit for the company. This has been proven by some researchers that financial and non-financial compensation can increase the motivation and performance of workers in the company. A company with a higher financial reward will result on the higher motivated workers than those who receive lower financial reward (Akhtar *et.al*, 2014). The presence of non-financial payments such as promotions can improve the workers' performance (Ijigu, 2015).

In Batam, there are cases concerning the use of these expatriate workers where local workers rejected expatriate workers. It has been experienced by PaxOcean Graha Trisaka Industri or previously known as PT. Drydocks World Graha Batam in 2010. This case happened because of the words of a supervisor from India who said that the Indonesian people are "stupid" in an internal meeting of the company. However, according to the head of the fact-finding team established by the Ministry of Manpower and Transmigration, Hayani Rumondang, other problems that triggered the riots are the atmosphere of the work environment that is not good due to the number of outsourced resources as well as reshuffling key positions that should be occupied local workers by expatriate workers. Moreover, the wages that is not suitable with the government regulation also becomes the issue (Antara News, n.d).

From some of the problems that occurred in the company, the researcher interested to discuss about wages or compensation that exist in the company PaxOcean Graha Trisaka Industry Batam. There is also information that in the company conflict over compensation discrimination between local workers and expatriate workers has occurred. In the same level of work, expatriate workers are paid with the Singapore dollar, while Indonesian permanent workers are paid in rupiah of which value is under Singapore Dollar value. There is discrimination in terms of payment between expatriate workers and local workers although they are in the same level of position in the company. Minimum wages given to expatriate workers is 4,500 Singapore dollars, or about 30 million rupiah (the exchange rate of Singapore dollar to rupiah is 6.700 rupiahs per Singapore dollar), while the

Indonesian workers who are experienced during 5 years are only paid 5-7 million rupiah (Maulana, 2010).

Based on the description, the researcher determines the title of research **"Local and Expatriate Workers: Similar but Not the Same (A Study Case on Compensation in PaxOcean Graha Trisaka Industri Batam)"**. This study aims to explore information related to the causes of the company employing expatriate workers, the company's efforts in determining compensation for local workers and expatriate workers, the form of compensation that the company provides to local and expatriate workers, the motivation and performance perceived and demonstrated by local workers and expatriate workers in work whether closely related to the compensation they get.

1.2. Problem Statement

Based on the research background above, it arises the questions of the research that will be discussed, namely:

1. What is the reason of employing the expatriate workers in PaxOcean Graha Trisaka Industri?
2. How does the company determine the amount of compensation to be given to local workers and expatriate workers?
3. What compensation that expatriate workers and local workers receive from the company?
4. What is the motive of expatriates and locals to become worker in PaxOcean Graha Trisaka Industri?

5. How are the work performance shown and achieved by local workers and expatriate workers?

1.3. Research Objective

The purposes of this research are:

1. To find out the reasons of company employing expatriate workers in PaxOcean Graha Trisaka Industri.
2. To know the ways used by the company to determine the amount of compensation for local workers and expatriate workers.
3. To find out the various compensations that company provides to local workers and expatriate workers.
4. To know the motivation to be the workers in PaxOcean Graha Trisaka Industri Batam according to expatriate workers and local workers.
5. To find out the work performance and achievement of the expatriate workers and local workers in PaxOcean Graha Trisaka Industri.

1.4. Research Contributions

This research has benefits for some parties, namely:

1. For Researcher

   The research is useful as the lesson to broaden knowledge about differentiation of compensation system between expatriate workers and local workers in the practice. It also becomes the requirement to graduate from Management department.

2. For Students

   It is useful as a reference for other students to conduct further research in order to build their knowledge on this topic.

3. For Company

   The result of this research can be useful information for the company to improve the compensation for the workers.

CHAPTER II

THEORETICAL BACKGROUND

2.1. Literature Review

2.1.1 Introduction

This literature review is used by the researcher in conducting the research to enrich the theory used in assessing the research that will be conducted. In this literature review, researchers dig up information from previous studies for comparison, both the advantages and disadvantages of existing ones. From the previous research, the researcher does not find the research with the same title with the researcher's research title. However, the researcher raises some studies that are used as references to enrich the study material in the researcher's research.

2.1.2 Previous Study

Leung *et.al* (2011) found that negative reactions of local employees against expatriates and their firms is a form of disapproval of the compensation gap between locals and expatriates. Another finding is a stronger inclusive climate, such as a local employees' perception about the extent to which expatriates manager involve them in decision making, has little effect on disapproval of the compensation gap and reactions to expatriates. The similarity of previous research with this study is both discuss the perceived injustice of compensation by local workers with expatriate workers. The differences are about the research method and the location in conducting the research. The research method of

previous research is quantitative and the location is in China while this research is qualitative and is conducted in Batam, Indonesia.

Arp *et.al* (2013) found that Foreign Executive in Local Organizations (FELOs) generally earn substantially less than expatriates, they also do not receive housing allowances, school fees for children or annual family trip tickets than often comprise the "expatriate compensation package". The other findings are some FELOs claim that their remuneration is lower than local peers in similar position. However, host-country national colleagues generally assume the remuneration of FELOs to be equivalent to that of typical expatriates. The similarities of the previous study with this study are both conducted by using the qualitative approach and also both discuss the components of compensation earned by expatriate workers. The difference is the location. The previous research location is in Malaysia meanwhile this study is in Indonesia.

Hon and Lu (2014) found that the creativity possessed by local workers will be reduced when they received unfair compensation between local workers and foreign workers. The cognitive trust climate and affective trust climate initiated by expatriate managers will minimize the negative relationship between perceived compensation gap of the employees and the creativity of the employees. So, the similarity of the previous research with the study is discussing the impact of unfair compensation between local and expatriate workers for local workers. The differences are this previous research is quantitative while this study is qualitative. The location of the previous research

is in Hangzhou, China and in hospitality industry, while the location of this study is in Batam, Indonesia and in the shipyard industry.

Tait *et.al* (2014) found that traditional expatriates are supported by a full package of compensation and benefits. For the permanent transferees, they are remunerated "local plus" package for two years and the switch to host country national status and salary condition. The similarities of the previous research and this study are both discuss the compensation given to the expatriate workers in the company, and also the research method of both research are qualitative. The difference is the location of the research. The location of the previous research is in 'Gobalco' Company which is located in Singapore, meanwhile for this study, the location is in PaxOcean Graha Trisaka Industri which is located in Batam, Indonesia.

Leung *et.al* (2014) found that the fairness perceived by locals on the compensation compared to the expatriates, impact on the compensation parity of the expatriates evaluation, knowledge sharing, job satisfaction, and intention to quit. In addition, the higher in personal pro-disparity of locals and organizational pro-disparity will make compensation parity and comparative distributive justice is weaker. The similarity of the previous research with this research is discussing impact of justice and injustice of compensation between local workers and expatriate workers for local workers, but the difference is the research location. The research location of the previous research is in China meanwhile this study conducted in Batam, Indonesia. Another difference is in the data approach. The

previous research is conducted with quantitative research while this study will be conducted with qualitative.

Mubarak *et.al* (2015) found that there is a difference between employees' expected payment and actual payment. It may be caused by every job in that company has various payment ranges which might differ with other employee, as one employee might be at start-up stage meanwhile others have more time period and skill, that is why they get higher payment. Another finding is there is different amount of salaries received by employees who are performing the same work in the same organization. The similarity of the previous study with this study is both discuss the different compensation perceived by employees in organization while the differences are the subject under study and the location. The subject in the previous research is only the local employees, but in the research, the subjects are local employees and expatriate employees. Talking about the location, the location of previous study is at Islamabad headquarter of Telenor Company, Pakistan, and the location for this study is in PaxOcean Graha Trisaka Industri, Batam, Indonesia.

Hon *et.al* (2015) found that a large compensation gap between locals and expatriates is related to organizational and interpersonal deviance. It applies to individuals with high power distance. In addition, the compensation gap and organizational and interpersonal deviance is weaker for traditionalists. The similarity of previous research and this study is both discuss the unfairness of compensation between locals and expatriates. The difference is the previous

research is quantitative, meanwhile this study is qualitative. Another difference is the location of conducting the research. The previous research is conducted in China, specifically in hotel industry meanwhile this study is conducted in Batam, Indonesia, specifically in shipyard industry.

The interesting thing of the research is researcher trying to more explore deeply about compensation of local and expatriate workers in PaxOcean Graha Trisaka Industri Batam. Considering that the compensation is a sensitive thing for employees, and in Batam itself, the demonstration too frequently happened and commonly it is related to compensation. Furthermore, each company must have its own policy of compensation for its workers so that in practice will have differences, especially compensation between local workers and expatriate workers.

Table 2.1:

The Summary of Previous Research

No.	Article Identity	Purpose	Method Focus	Variable and Theory	Result
1.	Kwok Leung, Zhongming Wang, & Alice H.Y. Hon, 2011, Moderating effects on the compensation gap between locals and expatriates in China: A multi-level analysis, Journal of International Management, Vol. 17, pp. 54-67	Examine the moderating effect of an inclusive climate initiated by expatriates for locals and firm performance on the negative relationships between disapproval of a compensation gap and several outcome variables.	Using multi-level approach based on the sense-making perspective.	**Dependent Variable:** Compensation gap between locals and expatriates. **Independent Variable:** (1) Disapproval of compensation gap. (2) Inclusive climate initiated by expatriates for locals. (3) Firm performance. (4) Satisfaction with expatriates. (5) Altruism towards expatriates. (6) Job satisfaction (7) Organizational commitment. **Control Variable:** (1) individual level: • Age • Sex • Tenure • Educational level	(1)Disapproval of compensation gap is negatively associated with satisfaction with expatriates, altruism toward expatriates, job satisfaction, and organizational commitment. (2) Inclusive climate (the local employees' perception of the extent to which expatriates involved them in decision making) is significantly and positively

				• Functional affiliation • Cultural background of expatriates (Asian vs. Western) (2) Firm level: • Group size • Firm size **Theory from:** (1) Toh and Denisi (2003) (2) Folger and Konovsky (1989) (3) Lind and Tyler (1988) (4) Schneider *et.al* (2002) (5) Harrison et.al (2006) (6) Judge et.al (2001) (7) Organ and Ryan (1995)	related to satisfaction with expatriates, altruism toward expatriates, job satisfaction, and organizational commitment. (3) Firm performance is significant and positive relationships with job satisfaction and organizational commitment. (4) A stronger inclusive climate is related to a less negative relationship between disapproval of the compensa

					tion gap and satisfactio n with and altruism toward expatriate s. As disapprov al of the compensa tion gap increases, employee s become less satisfied with their expatriate s managers and likely to be altruistic toward them.
2.	Frithjof Arp, Kate Hutchings, & Wendy A. Smith, 2013, Foreign executives in local organizatio ns: An exploration of differences to other	Investigate foreign executives appointed into cultural contexts distant from their country of origin and headquarters of organisations to which host-country nationals	(1) Using qualitati ve explorat ory approach based on triangula ted multiple data sourced. (2) Using in-depth semi-	**Variable:** (1) Expatriate Assignment (2) Self-Initiated Expatriate **Theory From:** (1) Collings and Scullion (2006) (2) Harvey *et.al* (2001) (3) Harzing (2001b) (4) Suutari and Brewster	(1) FELOs generally earn substantial ly less than expatriates , and do not receive housing allowance s, school fees for children or

	types of expatriates, *Journal of Global Mobility*, Vol. 1, No. 3, pp. 312-335	(HCNs) they supervise and HCN superiors they report to attribute a "local" national identity.	structured interview.	(2000)	annual family trip tickets than often comprise the "expatriate compensation package". (2) Some FELOs claim that their remuneration is lower than local peers in similar positions. (3) HCN colleagues generally assume the remuneration of FELOs to be equivalent to that of typical expatriates.
3.	Alice H.Y. Hon and Lin Lu, 2014, Are we paid to be creative? The effect of compensati	Examine the moderating effects of trust climate directed toward the expatriates on individual-level	Using questionnaire.	**Variable:** (1) compensation gap (2) cognitive trust and affective trust (3) employee creativity **Theory From:**	(1) When local employees perceived the compensation difference between

	on gap on creativity in an expatriate context, *Journal of World Business*, Vol. 50, pp. 159-167	relationship of compensation gap and creativity.		(1) Equity Theory by Adams (1965) (2) Reflection Theory of Pay by Thierry (2001)	locals and expatriates as unfair, it would be associated with reduced creativity. (2) The cognitive trust climate will minimize the negative relationship between employees' perceived compensation gap and their creativity. (3) Affective trust climate initiated by expatriate managers will minimize the negative relationship between perceived compensation gap

					and employee creativity.
4.	Elise Tait, Helen De Cieri, & Yvonne McNulty, 2014, The opportunity cost of saving money: An exploratory study of permanent transfers and localization of expatriates in Singapore, *International Studies of Management and Organization*, Vol. 44.	Examine the motivation, adjustment, retention and careers of permanent transferees who subsequently localize in the host-location in comparison to traditional expatriates in the same location.	(1) Using exploratory approach. (2) Using semi-structured telephone interview.	**Variable:** Motivation, adjustment, retention, and careers of permanent transferees compare with traditional expatriates. **Theory From:** (1) Harvey, Speier, and Novecevic (2001) (2) Collings *et.al* (2007)	(1)Traditional expatriates at Globalco are supported by a full package of compensation and benefits, while permanent transferees are remunerated on a 'local-plus' package for two years and then switched to HCN status and salary conditions. (2) Cross-cultural training (CCT) is made available to all traditional expatriates on a case-

					by-case basis, whereas for permanent transferees there is an apparent lack of consistent CCT provided. (3) All expatriates (traditional and permanent transferees) were critical of host country support. (4) Both traditional expatriates and permanent transferees nonetheless perceived resentment among HCNs during their assignment. (5) In the term of identity

					and organizational hierarchy, permanent transferees have a special type of treatment in being inappropriately viewed as 'true locals' because of their compensation terms and conditions although initially they have the same status as HCNs in a hierarchical 'pecking order'.
5.	Kwok Leung, Xiaowan Lin, & Lin Lu, 2014, Compensation Disparity between Locals and	(1) Develop a theoretical model for the relationships between compensation parity, perceived justice,	Using questionnaire to collect the data.	**Independent Variable:** Compensation gap **Dependent Variable:** Outcome variable such as expatriate evaluation, knowledge	(1) The effects of compensation parity on the expatriates evaluation, knowledge sharing, job

	Expatriates in China: A Multilevel Analysis of the Influence of Norms, Management International Review, Vol. 54, pp. 107-128.	and locals' reactions to compensation parity. (2) To extend previous research on mitigating the negative effects associated with low compensation parity by developing a multi-level model based on the notion of norm.		sharing, job satisfaction, and intention to quit. **Theory From:** Equity theory by Adams (1965)	satisfaction, and intention to quit, are fully mediated by comparative distributive justice. (2) The relationship between compensation parity and comparative distributive justice is weaker when personal norm (pro-disparity) is high. (3) The effect of compensation parity on comparative distributive justice is weaker when organizational norm is high. (4) The

					influence of compensation parity on comparative distributive justice is weaker when trust climate is high. (5) Trust climate fully mediated the moderating influence of organizational norm on the relationship between comparative parity and comparative distributive justice.
6.	Raza Mubarak, Irum Khattak, & Muhammad Zeeshan Khattak, 2015,	Examine the impact of total compensation on pay satisfaction of employees in Telenor Pakistan.	(1) Using simple random technique. (2) Using questionnaire	**Dependent Variable:** Pay Satisfaction **Independent Variable:** (1) Fixed Pay (2) Variable Pay	(1) There is a difference between employees' perceived pay and the actual

	Effect of total compensation on pay satisfaction in Telenor Company Pakistan, *VFAST Transactions on Education and Social Sciences*, Vol. 7, No. 2, pp. 13-21		and interview to collect the data.	(3) Benefits **Theory From:** (1) Adams (1963) (2) Lawler (1971) (3) Vroom (1964) (4) Madhani (2011)	pay. It may be because every job in Telenor has varying pay ranges which might differ with other employee as one employee might be at start-up stage meanwhile others have more time period and skill that's why getting more pay. (2) The salary that is perceived by other employees that are performing the same work in the same organization with the respondent

					is not greater than the respondent.
7.	Alice H.Y. Hon, Lin Lu, & Wilco W.H. Chan, 2015, Does cultural value exacerbate or mitigate the effect of perceived compensation gap between locals and expatriates in hotel industry?, *International Journal of Hospitality Management*, Vol. 48, pp. 83-91	Examines the relationship between the perceived reasonableness of the expatriate–local compensation gap and workplace deviance behaviors (organizational and interpersonal).	Using questionnaire	**Variable:** (1) compensation gap and workplace deviance (2) power distance (3) traditionality **Theory From:** (1) Equity theory by Adams (1965) (2) Social Exchange theory by Blau (1964)	(1) A large compensation gap between locals and expatriates is positively related to organizational and interpersonal deviance. (2) There is significant result between the compensation gap and organizational and interpersonal deviance for high power distance individuals. (3) The strength of the relationship between

					the compensation gap and organizational and interpersonal deviance is weaker for high rather than for low traditionalists.

Source: Primary Data Research (2017)

2.2 Theoretical Basis

2.2.1 Human Resource Management

Human resource management (HRM) is the process of attracting, developing, and maintaining a quality workforce to support organizational mission, objectives, and strategies (Schermerhorn, 2002:306). Staffing the organization, designing jobs and teams, developing skillful employees, identifying approaches for improving their performance, and rewarding employee successes, are the issues of HRM (Snell & Bohlander, 2010: 4). The functions of HRM according to Dessler and Huat (2006:4) are divided into five functions and they include in management process. The functions are:

1. *Plan*: set up goals and standards; develop rules; procedures; and plans.
2. *Organize*: give each subordinate a specific task; set up departments; delegate authority to subordinates; set up channels of communication; and coordinate the work of subordinates.
3. *Staff*: determine what type of people should be hired, recruit and select new employees; set performance standards; evaluate performance; reward employees; and train and develop employees.
4. *Lead*: get others to do the job; maintain morale; and motivate subordinates.
5. *Control*: set standards such as sales quotas, quality, or production levels; check how actual performance compares with these standards; take corrective action as needed.

2.2.2 International Human Resource Management

Morgan in Dowling *et.al* (2013:3) defines international HRM as the interplay among the three dimensions of human resource activities, types of employees and countries of operation. The broad explanation of these three dimensions is as follows:

1. The broad human resources activities of procurement, allocation and utilization. These three broad activities can be easily expanded into the six human resource activities. They are human resource planning, staffing (recruitment, selection, and placement), performance management, training and development, compensation and benefits, and industrial relations.
2. The national or country categories involved in international HRM activities:
   a. The host-country where a subsidiary may be located.
   b. The parent-country where the firm is headquartered; and
   c. 'Other' countries that may be the source of labor, finance, and other inputs.
3. The three categories of employees of an international firm:
   a. Host-country nationals (HCNs) are the employees who are born and raised in the host country;
   b. Parent-country nationals (PCNs) are the employees who are born and live in parent country; and
   c. Third-country nationals (TCNs) are the employees born in countries except the parent country and the host country but work in the host-country.

When we are talking about international human resource management, it is related to the organizations that have the role in international activities. Snell and Bohlander (2010:658-659) mentioned that there are four basic types of organizations and differed in the degree to which international activities are separated to respond to the local regions and integrated to achieve global efficiencies.

1. International corporation

   It is a domestic firm that uses its existing capabilities to move into overseas markets. The organizations essentially adapted existing products for overseas market without changing much else about their normal operations.

2. Multinational corporation (MNC)

   It is a firm with independent business units operating in multiple countries. The companies with this type, traditionally given their foreign subsidiaries a great deal of latitude to address local issues such as consumer preferences, political pressures, and economic trends in different regions of the world. The subsidiaries are run as independent companies without much integration.

3. Global corporation

   It is a multinational firm that maintains control of its operations worldwide from the country in which it is headquartered.

4. Transnational corporation

   It is a firm that attempts to balance local responsiveness and global scale via a network of specialized operating units. So, the objective of this TNC is to

achieve the local responsiveness of a MNC while also achieving the efficiencies of a global firm. TNCs use network structure to provide autonomy to its operations in foreign countries but bring these separate activities together into an integrated whole.

2.2.3 Staffing in International Human Resource Management

One of the activities in human resource is staffing. As expressed by Dessler & Huat (2006), staffing is one of the functions of human resource management which includes activities in determining what type of people should be hired, recruiting and selecting new employees; setting performance standards; evaluating performance; rewarding employees; and training and developing employees. However, there are some staffing related issues faced by international companies that are not in domestic environment, or are complicated by the international context in which these activities take place, that is how to manage and staff the subsidiaries. Therefore, in International HRM, there are several approaches used by multinational companies to manage and staff their subsidiaries. Such approaches are:

1. Ethnocentric

According to Dowling *et.al* (2013), in ethnocentric firms, few foreign subsidiaries have any autonomy and strategic decisions are made at headquarters. The key positions in domestic and foreign operations are held by managers from

headquarters. Subsidiaries are managed by staff from the home country (PCNs). There are several reasons for pursuing an ethnocentric staffing policy:

a. A perceived lack of qualified host-country nationals (HCNs).
b. The need to maintain good communication, coordination and control links with corporate headquarters.

However, the ethnocentric policy has several disadvantages, they are:

a. It limits the promotion opportunities of HCNs, which may lead to reduced productivity and increased turnover among that group.
b. The adaption of expatriate managers to host countries often takes a long time, during which PCNs often make mistakes and poor decisions.
c. When PCN and HCN compensation packages are compared, the often considerable income gap in favor of PCNs may be viewed by HCNs as unjustified.
d. For many expatriates a key overseas position means new status, authority, and an increase in standard of living. These changes may affect expatriates' sensitivity to the needs and expectations of their host country subordinates which may be quite different to the perceptions of the PCN manager.

2. Polycentric

According to Dowling *et.al* (2013), the company who is using this approach should treat each subsidiary as a distinct national entity with some decision-making autonomy. Subsidiaries are usually managed by local nationals (HCNs), who are seldom promoted to positions at headquarters, and PCNs are rarely

transferred to foreign subsidiary operations. There are main advantages of polycentric policy:

a. Employing HCNs eliminates language barriers; avoid the adjustment problems of expatriate managers and their families, and removes the need for expensive cultural awareness training programs.
b. Employment of HCNs allows an MNC to take a lower profile in sensitive political situations.
c. Employment of HCNs is often less expensive, even if a premium is paid to attract high-quality local applicants.
d. This approach gives continuity to the management of foreign subsidiaries and avoids the turnover of key managers that, by its very nature, results from an ethnocentric approach.

However, this policy also has several disadvantages:

a. Bridging the gap between HCN subsidiary managers and PCN managers at corporate headquarters is difficult. Language barriers, conflicting national loyalties, and a range of cultural differences may isolate the corporate headquarters staff from the various foreign subsidiaries.
b. Host-country managers have limited opportunities to gain experience outside their own country and cannot progress beyond the senior positions in their own subsidiary. Parent-country managers also have limited opportunities to gain overseas experience.

3. Geocentric

According to Dowling *et.al* (2013), geocentric means the MNE is taking a global approach to its operations, recognizing that each part (subsidiaries and headquarters) makes a unique contribution with its unique competence. It's accompanied by a worldwide integrated business, and nationality is less important than ability. There are three main advantages of this approach:

a. It enables an MNE to develop an international executive team which assists in developing a global perspective and an internal pool of labor for deployment throughout the global organization.
b. It overcomes the 'federation' drawback of the polycentric approach.
c. This approach supports cooperation and resources sharing across units.

As with the other staffing approaches, there are challenges and disadvantages associated with a geocentric policy:

a. Host governments want a high number of their citizens employed and may utilize immigration controls in order to increase HCN employment if enough people and adequate skills are available or require training of HCNs over a specified time period to replace foreign nationals.
b. Most countries (both advanced economies and developing economies) require MNEs to provide extensive documentation if they wish to hire a foreign national instead of a local national. Providing this documentation can be time-consuming, expensive, and at times futile.

c. A geocentric policy can be expensive to implement because of increased training and relocation costs. A related factor is the need to have a compensation structure with standardized international base pay, which may be higher than national levels in many countries.

d. Large numbers of PCNs, TCNs, and HCNs need to be sent abroad in order to build and maintain the international cadre required to support a geocentric staffing policy. To successfully implement a geocentric staffing policy requires relatively long lead times and more centralized control of the staffing process.

4. Regiocentric

According to Dowling *et.al* (2013), this approach reflects the geographic strategy and structure of the MNE. It utilizes a wider pool of managers but in a limited way. Staff may move outside their home countries but only within the particular geographic region. Regional managers may not be promoted to headquarters positions but enjoy a degree of regional autonomy in decision making. Here, there are two advantages of using this approach:

a. It facilitates interaction between managers transferred to regional headquarters from subsidiaries in that region and PCNs posted to the regional headquarters.

b. It reflects some sensitivity to local conditions, since local subsidiaries are usually staffed almost totally by HCNs.

However, there are also disadvantages of using this approach:

a. It can produce federalism at a regional rather than a country basis and constrain the MNE from developing a more global perspective.
b. While this approach does improve career prospects at the national level, it only moves the barrier to the regional level. Talented managers may advance to jobs in regional headquarters but less frequently to positions at the MNE headquarters.

One obvious difference between domestic and international HRM is that the staffs are moved across national boundaries into various roles within the international firm's foreign operations and that staffs are always called as expatriate (Dowling *et.al*, 2013). So, it can be said that expatriates are employee who is working and temporarily residing in a foreign country or the employees who are transferred out of their home base/parent country into some other area of the firm's international operations (Dowling *et.al*, 2013). There are three key reasons why an organization sends its staffs to an internationally operating company:

1. Position Filling

   According to Dowling *et.al* (2013), the company does an international assignment because the organization has several needs and it depends on the type of position and the level of involvement to hire someone locally or transfer the appropriate candidate.

2. Management Development

According to Dowling *et.al* (2013), staffs are often moved into other parts of the organization for training and development purposes and to assist in the development of common corporate values. Headquarters staff may be transferred to subsidiary operations, or subsidiary staff transferring into the parent operations, or to other subsidiary operations.

3. Organizational Development

According to Dowling *et.al* (2013), here, the more strategic objectives of the operation come into play: the need for control; the transfer of knowledge, competence, procedures and practices into various locations; and to exploit global market opportunities. As a result, organizational capabilities enabling a firm to compete in global markets might be developed.

The reasons of using expatriates are not mutually exclusive. They do however underpin expectation about the roles that staff play as a consequence of being transferred from one location to another country. Here, there are some roles of expatriate (Dowling *et.al*, 2013):

1. The expatriate as an agent of direct control

The use of staff transfers can be regarded as a bureaucratic control mechanism, where the primary role is that of ensuring compliance through direct supervision. Using expatriates for control reflects an ethnocentric

predisposition, but this can be important in ensuring subsidiary compliance, enabling strategic objectives for local operations to be achieved.

2. The expatriate as an agent of socialization

   There is an implicit expectation that expatriates assist in the transfer of shared values and beliefs. Expatriates as agents of socialization pointed out by Fenwick *et.al* (in Dowling *et.al*, 2013) in his empirical investigation was to instill corporate values and norms ritualized in the form of certain expected behaviors and it often has negative results at the subsidiary level.

3. Expatriates as network builder

   While short-term assignments may not allow the expatriate to develop as wide a range of contacts in one location to the degree that a traditional assignment permits, over time they can increase the number and variety of networks, building channels for the transfer of ideas and competence.

4. Expatriates as boundary spanners

   Boundary spanning refers to activities, such as gathering information, that bridge internal and external organizational contexts. Expatriates are considered boundary spanners because they can collect host country information, act as representatives of their firms in the host country and can influence agents.

5. Expatriates as language nodes

6. Transfer of competence and knowledge

International assignments do assist in knowledge sharing and competence transfer, and encourage adoption of common work practices which may strengthen elements of corporate culture. Thus, the expatriates may contribute to further developing the social capital within the MNE.

2.2.4 Types of International Assignment

Dowling *et.al* (2013) mentioned that there are some types of international assignment based on the length or duration of the assignment:

1. Short-term: up to three months. These are usually for troubleshooting, project supervision, or a stopgap measure until a more permanent arrangement can be found.
2. Extended: up to one year. These may involve similar activities as that for short-term assignments.
3. Long-term: varies from one to five years, involving a clearly defined role in the receiving operation (for example a senior management role in a subsidiary). The long-term assignment has also been referred to as a traditional expatriate assignment.

In addition, Dowling *et.al* (2013) also mentioned the alternatives assignment types, namely:

1. Commuter assignments: it is the special assignment where the employee commutes from the home country on a weekly or bi-weekly basis to the place of work in another country. Cross-border workers or daily commuters are not included. Usually, the family of the assignee stays in the home country.

2. Rotational assignments: employees commute from the home country to a place of work in another country for a short, set period followed by a break in the home country. The employee's family usually remains in the home country.
3. Contractual assignments: it is used in situations where employees with specific skills vital to an international project are assigned for a limited duration of 6 to 12 months.
4. Virtual assignments: where the employee does not relocate to a host location but manages, from home-base, various international responsibilities for a part of the organization in another country. In this case, the manager relies heavily on communication technologies such as telephone, email or video conferences. Visits to the host country are also necessary.
5. Self-initiated assignment: While standard expatriations are usually initiated by the organization, self-initiated assignments are initiated by the individual. These employees are highly interested in an international challenge, have adequate language skills, an international mindset and are quite entrepreneurial.

2.2.5 Compensation

Milkovich and Newman (2002:7) in their book stated that compensation refers to all forms of financial returns and tangible services and benefits received by employees as part of an employment relationship. The forms of total compensation are divided into two, direct compensation and indirect compensation. Direct compensation includes base wage, merit pay or cost of

living, incentives, and bonus. Meanwhile, indirect compensation includes the benefits and services, such as protection programs, leave permission, and service and allowances.

According to Mondy (2010:268-269), compensation is total of all rewards provided to employees in return for their services. The components of a total compensation are divided into three, those are direct financial compensation, indirect financial compensation, and nonfinancial compensation. Direct financial compensation includes wages, salaries, commissions, and bonuses. Indirect financial compensation consists of all financial rewards that are not included in direct financial compensation. This type of compensation is usually called as benefits. Different with direct financial and indirect financial compensation, nonfinancial compensation consists of the satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works.

Dessler (2013:378) also explained about compensation, according to him employee compensation includes all forms of pay going to employees and arising from their employment. Compensation divided into two main components, i.e. direct financial payments such as wages, salaries, incentives, commissions, and bonuses, and indirect financial payments such as financial benefits like employer-paid insurance and vacations. There are two basic ways to make direct financial payments to employees, it is based on increments of time or based on performance.

2.2.6 Form of Pay

Milkovich and Newman (2002) mentioned that the major categories of compensation include:

1. Base Wage

   Base wage is the basic cash compensation that an employer pays for the work performed by the employees. Base wage tends to reflect the value of the work or skills and generally ignores differences attributable to individual employees. Some pay systems set base wage as a function of the skill or education an employee possesses. Periodic adjustments to base wages may be made on the basis of changes in the overall cost of living or inflation, changes in the amount of payment that other employers are paying for the same work, or changes in experience/performance/skill of employees.

2. Merit Pay

   Merit pay is any salary increase that the company gives to employees based on their individual performance (Dessler & Huat, 2006:306). Merit pay recognizes past work behaviors and accomplishments. Given as increments to the base pay, merit programs typically vary with performance (Milkovich & Newman, 2002). It is different from a bonus in that it usually becomes part of the employee's base salary, whereas a bonus is a one-time payment (Dessler & Huat, 2006:306).

3. Incentives

Incentives are tie pay directly to performance. Incentives may be long or short term, and can be tied to the performance of an individual employee, a team of employees, a total business unit, or some combination of individual, team, and unit. Short-term incentives usually use very specific performance standards, and long-term incentives are intended to focus on employee efforts on multiyear result. Incentives and merit pay are different. Both influence the performance but incentives are offering pay to influence future behavior. Meanwhile, merit pay recognizes outstanding past performance. The distinction is a matter of timing. The most important distinction is that merit pay that is usually added into base payment and permanently increases base payment, whereas incentives are one-time payments and do not have a permanent effect on labor costs. When performance declines, incentive pay automatically declines too.

4. Benefits and Services

   Employee benefits include time away from work (vacations, jury duty), services (drug counseling, financial planning, cafeteria), and protection (medical care, life insurance, and pensions). Services and benefits vary widely from country to country.

In Indonesia, there are some benefits that can be given to employees. Ardana *et.al* (2012:157) called it as complementary compensation or fringe benefits. Fringe benefits can be grouped as follows:

1. Payment of wages for time not worked (time of benefit)

a. Time off
b. Sick days
c. Vacation and time off

2. Protection against the dangers economical
    a. Guarantee of wage payment in a certain amount during the period (Insurance)
    b. Pension
    c. Medical allowance
3. Services program
    a. Recreation program, such as sports and arts activities
    b. Cafeteria
    c. Housing
    d. Education scholarships
    e. Consultancy
    f. Transportation
    g. Library

Fringe benefits, according to Ardana *et.al* (2012) have several benefits for companies such as more effective withdrawal, increased morale and loyalty, decreased employee turnover and absenteeism, fatigue reduction, reduced union influence, better community relations, satisfaction of needs employees, minimize overtime costs, and reduce the possibility of government intervention.

2.2.7 Objectives of Compensation

Compensation has several objectives (Milkovich and Newman, 2002), such as:

1. Efficiency.

   Specifically, the efficiency means improving performance, quality, and delighting customers. It is also used to control the labor costs.

2. Equity.

   It attempts to ensure fair pay treatment for all participants in the employment relationships. The equity objectives focuses on designing pay systems that recognize both employee contributions (offering higher pay for greater performance or greater experience or training) and employee needs (providing a fair wage as well as fair procedures).

3. Compliance.

   It involves conforming to various federal and state compensation laws and regulations. As these laws and regulations change, pay systems may need to be adjusted to ensure continued compliance.

2.2.8 Strategic Policies of Compensation

Milkovich and Newman (2002) stated that there are four strategic policies that every employer must address of the pay model. These policies serve as guidelines for managing pay in ways that accomplish the system's objectives.

1. Internal consistency.

Internal consistency refers to comparisons among jobs or skill levels inside a single organization. Jobs and skills are compared in terms of their relative contributions to the organization's objectives. Internal consistency becomes a factor in determining the pay rates both for employees doing equal work and for those doing dissimilar work.

2. External competitiveness.

   External competitiveness refers to how an employer decides the amount of standard payment if it compared to the competitors are paying. The policy regarding external competitiveness has a twofold effect on objectives.

   a. To ensure that pay is sufficient to attract and retain employees. If employees not perceive their pay as competitive in comparison to what other organizations are fairing for similar work, they may be more likely to leave.
   b. To control labor costs so that the organization's prices of products or services can remain competitiveness.

3. Employee contributions.

   The policy on employee contributions refers to the relation emphasis placed on performance. The degree of emphasis to be placed on performance and/or seniority is an important policy since it directly affects employees' attitudes and work behaviors. Employers with strong pay for performance policies are more likely to place greater emphasis on incentive and merit schemes as part of their pay systems.

4. Administration

The greatest system design in the world is useless without competent management. Managers must plan the elements of pay included in the system, for example: base pay, short-term and long term incentives, communicate with employees and judge whether the system is achieving its objectives.

2.2.9 The Approach to Setting the Pay Rates

Dessler (2013) revealed that there are three approaches that employers use to setting the pay rates, namely:

1. Job Evaluation Method

Job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another. It aims to determine a job's relative worth. Job evaluation eventually results in a wage or salary structure or hierarchy. The basic principle of job evaluation is this: jobs that require greater qualifications, more responsibilities, and more complex job duties should receive more pay than jobs with lesser requirements. To compare the worth of several jobs, the managers can use two basic approaches, namely *intuitive approach* which the managers decide that one job is more important than another is, and not dig any deeper. The second is *compensable factors* which is the factors that establish how the jobs compare to one another and that determine the pay for each job. There are four compensable factors commonly used, they are skills, effort, responsibility, and working conditions. Even if the

managers us the job evaluation approach, managers must adjust pay rates to fit the market.

2. Market-based approaches

Here, a job's compensation reflects both the job's value in the company, as well as what other employers are paying for similar jobs in the marketplace. With this approach, the employer's actual pay rates are competitive with those in the relevant labor, as well as equitable internally.

3. Competency-based pay

Competency-based pay means the company pays for the employee's skill and knowledge rather than for the title he or she holds. This approach variously called by some experts as competence-, knowledge-, or skill-based pay. With this approach, for example, an employee in class I job who could do the class II work gets paid as a class II workers, not a class I. There are three reasons why the employers use the competency-based pay. First, paying for the competencies enables the company to encourage employees to develop the competencies the company requires to achieve strategic aims. Second, paying for measurable competencies provides a focus for the employer's talent management process. Third, traditional pay plans can backfire if a high-performance work system is employees' goal.

2.2.10 Factors Affecting Compensation

Many considerations that companies make to determine and compensate employees. The following are the factors that influence the determination of the number of compensation components and the amount of compensation employees receive according to Kasmir (2016):

a. Education

Education is a major factor in determining the amount of compensation received. This means the primary basis of the beginning and subsequently the amount of compensation received after the employee is educated. The higher a person's education level, the higher the compensation he receives.

b. Experience

Experience means time and skill in work. The longer a person's working time means the services the worker has given are longer. This can lead to the possibility of promotion or position so that the compensation will be higher than his subordinates. In addition, the more expertise they have, the more compensation they will receive.

c. Workload and Responsibility

Employees who have a greater workload and responsibility than others certainly have greater compensation as well. Conversely, for those who have a smaller workload and responsibilities, the compensation is also relatively lower.

d. Position

A promotion for a higher position will raise the salary to a higher level. The increase in position also adds to other benefits so that for employees who raise higher positions then the compensation also increases quite a lot.

e. Level rank or class

If the employee who originally had a rank III B with basic salary for example 3 million rupiah, and then his rank rose to III C, then the basic salary will rise in accordance with the rules set by the company.

f. Work performance

Performance is the performance of work obtained by a person within a certain period of time. Employees who have good performance will certainly get good compensation. If the performance is good, then there is an increase in positions, ladder rank, bonuses or other awards.

Other factors affecting compensation are also raised by Sutrisno (2016), namely:

a. Cost of Living Level

Compensation received by new employees has meaning when it can be used to meet minimum physical needs. The minimum physical needs of employees living in a large city will be significantly different from the minimum physical requirements for employees living in small towns. This difference will always follow the fluctuations in the cost of daily living in different locations. If firms are not responsive to life cost fluctuations in determining compensation, there

will be turbulence within the company, a growing sense of dissatisfaction, or a worker strike to demand a wage increase.

b. The level of compensation applicable in other companies

If the level of compensation given to the employee is lower than that of another company give for the same job, it can lead to dissatisfaction among employees, which can end up with many potential firms leaving the company. If the level of compensation given is too high, it also has an adverse effect, as if the company turns a blind eye to the average rate of compensation in effect. Thus, companies need to always conduct comparative studies in determining the level of compensation that is being applied in other companies so that no employees and companies are harmed.

c. The level of ability of the company

Firms with high capability will be able to pay a high level of compensation for their employees as well. Conversely, companies with low level of ability in payment that cannot afford are impossible to pay the level of compensation expected by employees. Therefore, a wise company should always inform all employees of the company's performance level from time to time.

d. Job type and size of responsibility

The type of work will determine the size of the responsibilities of the employees. Employees who have more difficult work levels and with greater responsibility will certainly be offset by greater compensation rates. The work

that is not so difficult and requires less energy and thought, will get a lower compensation reward.

e. Legislation applicable

The Government stipulates that the compensation provided by a company must be able to meet the minimum physical needs of its employees. If this is not enforced, then this company will include companies that do not comply with government regulations.

f. The role of Trade Unions

Unions in the company are important because they can bridge the interests of employees with the interests of the company. Unions can help provide input and advice to companies to maintain employment relationships with employees to avoid conflicts. Employees will also feel secure on their interests, if the existence of the union really fights for their interests and not only as a shield guard corporate interests.

2.2.11 Components of International Compensation for Expatriates

Dowling *et.al* (2013) in their book stated the key components of international compensation are as follows:

1. Base Salary

The term of base salary is different meaning between domestic and expatriate contents. In a domestic context, base salary denotes the amount of cash compensation serving as benchmark for other compensation elements, such as

bonuses and benefits. For expatriates, it is a primary component of a package of allowances, many of which are directly related to base salary, for example is foreign-service premium, cost-of-living allowance, housing allowances, etc, as well as the basis for in-service benefits and pension contributions. It may be paid in home or local country currency or a combination of both.

2. Foreign services inducement and hardship premium.

   PCNs often receive a salary premium as an inducement to accept a foreign assignment, as well as a hardship premium to compensate for challenging locations. Foreign service inducements, if used, are usually made in the form of a percentage of salary, usually 5 to 40 per cent of base pay, but are also sometimes offered as a lump-sum incentive. Such payments vary, depending upon the assignment location, tax consequences, and the length of assignment.

3. Allowances

   There are six most common allowances, namely:

   1. Cost-of-living allowance (COLA).

      COLA payments are intended to compensate for cost differentials between an expatriate's home and host country, for example the costs of transportation, furniture and appliances, medical, alcohol and tobacco, automobile maintenance and domestic help. Family size is the predominant method for determining COLA payments, with increments provided for each child. The COLA may also include payments for housing and utilities, and discretionary items.

2. Housing Allowance.

   The provision of a housing allowance implies that employees should be entitled to maintain their home-country living standards. The amount of housing allowance is determined predominantly by family size, and to some extent job level. Other alternatives include company-provided housing (either mandatory or optional); a fixed housing allowance across a particular job level, with the expatriate 'topping up' according to personal preferences; or assessment of a portion of income, out of which actual housing costs are paid.

3. Home-Leave Allowance.

   The purpose of giving the home-leave allowance or paying the trips is to give expatriates the opportunity to renew family and business ties, thereby help them to minimize adjustment problems when they are repatriated. Although firms traditionally have restricted the use of leave allowances to travel home, some firms give expatriates the option of applying home leave to foreign travel rather than returning home.

4. Education Allowance.

   The education allowance is given to expatriates for their children. It can cover items such as tuition (including language classes), application and enrolment fees, books and supplies, meals, transportation, excursions and extra-curricular activities, parent association fees, school uniform, and if applicable, room and boarding house.

5. Relocation Allowance.

   The items that is covered by relocation allowances include moving, shipping and storage charges; temporary living expenses; subsidies regarding appliance or car purchases (or sales); and down payments or lease-related charges. There are allowances regarding to perquisites such as car, drivers, club memberships, servants and so on that should be considered. It is usually given to more senior positions, but it varies according to location. These allowances are often contingent upon tax-equalization policies and practices in both the home and the host countries.

6. Spouse Assistance.

   This allowance is given to expatriates in order to help guard against or offset income lost by an expatriate's spouse as a result of relocating abroad. In US itself, the MNEs began to focus on providing spouses with employment opportunities abroad, either by offering job search assistance, career counseling, cultural orientation, resume/CV preparation, work permit assistant and language tuition, or in more unusual cases employment in the MNE's foreign business.

4. Benefits

Benefits given to the expatriates include health care, pension plans/social security, life insurance, child allowances and profit sharing/stock option plans. Besides, the MNEs also provide vacations and special leave. It includes the

part of the employee's regular vacation, annual home leave, and airfares for families to return to their home countries. Rest and rehabilitation leave is also frequently available if the conditions of the host country are clearly below the standards of the home country.

2.2.12 The Approach of International Compensation of Expatriates

Dowling *et.al* (2013) mentioned in their book, there are three approaches of international compensation of expatriates, they are:

1. The Going Rate Approach

   In this approach, the base salary for the international transfer is linked to the salary structure in the host country. The multinational company usually obtains information from local compensation surveys and must decide whether local nationals (HCNs), expatriates of the same nationality or expatriates of all nationalities will be the reference point in terms of benchmarking. This approach also mentioned if the location of assignment is in a low-pay country, the multinational companies usually increase the base pay with additional benefits and payments. According to Dowling *et.al* (2013), this approach has several advantages and disadvantages. The advantages of this approach are:

   1. There is equality with local nationals (very effective in attracting PCNs or TCNs to a location that pays higher salaries than those received in the home country).

2. This approach is simple and easy for expatriates to understand.
3. The expatriates are able to identify the host country.
4. There is often equity among expatriates of different nationalities.

The disadvantages of this approach are:

1. There can be variation between assignments for the same employee.
2. There can be variation between expatriates of the same nationality in different locations.
3. This approach can pose problems upon repatriation when the employee's salary reverts to a home-country level that is below that of the host-country.

2. The Balance Sheet Approach

The characteristics of this approach are: a) basic objective is maintenance of home-country living standard plus financial inducement; b) home-country payment and benefits are the foundations of this approach; c) adjustments to home package to balance additional expenditure in host country; d) financial incentives (expatriates/hardship premium) are added to make the package attractive; e) most common system in usage by multinational firms. The balance sheet approach also has the advantage and disadvantage (Dowling *et.al*, 2013). The advantages of this approach are:

1. It provides equity between all foreign assignments and between expatriates of the same nationality.

2. Repatriation of expatriates is facilitated by this emphasis on equity with the parent country as expatriate compensation remains anchored to the compensation system in the parent country.
3. This approach is easy to communicate.

The disadvantages are:

1. This approach can result in considerable disparities both between expatriates of different nationalities and between PCNs and HCNs. The problem arises when international staffs are paid in different amounts for performing the same (or very similar) job in the same host location, according to their different home base salary.
2. While this approach is both elegant and simple as a concept, it can become quite complex to administer. Complexities particularly arise in the areas of tightly integrated private and government fund transfers, such as taxes and pensions.

3. 'Local Plus' Approach

A local plus approach is one in which expatriates employees are paid according to the prevailing salary levels, structure, and administration guidelines of the host location, plus provided 'expatriate-type' benefits such as assistance with transportation, housing, and dependents' education in recognition of the employee's 'foreign' status. Benefits may be paid in-kind (directly by the MNE) or as ad-ons to local salary levels at a grossed-up rate to account for host taxes. Local plus compensation doesn't typically include

tax equalization, COLA, mobility premiums, hardship allowances, familiarization visits, home-leave, cross-cultural training and other pre-departure programs, or spouse assistance. Pension benefits are optional depending on the nature of the assignment and whether the transfer is temporary or permanent. According to Dowling *et.al* (2013), the local plus approach has disadvantages for the firm who used this approach. They are:

1. Local plus compensation tends to shift the power balance in the employment relationship in expatriates' favor.
2. Local plus compensation can impact on expatriates' job embeddedness in terms of commitment and loyalty.

2.2.13 Motivation

Motivation is an important factor for achieving one's success in working. Motivation acts as a driver of a person's behavior to do something he wants to achieve. People who have high motivation will be quick to achieve success, while it takes a relatively long time for someone who has a low level of motivation in working to achieve success. According to Luthans (2001:249), motivation is a process that starts with a physiological or psychological deficiency or need that activates a behavior or a drive that is aimed at a goal or incentive. Greenberg (2011:244) stated that motivation is the set of processes that arouse, direct, and maintain human behavior toward attaining some goal. Meanwhile according to Gibson *et.al* (2012:126) in their book, motivation is

forces acting on an employee that initiate and direct behavior. From the three definitions above, it can be concluded that motivation is an encouragement for a person to perform an action to achieve a goal.

2.2.14 Motivation Theory

Ivancevich *et.al* (2014) classified a motivation theory into two categories, content and process theory. Content theories focus on the factors within the person that energize, direct, sustain, and stop the persons' behavior. They attempt to determine the specific needs that motivate people. The content theories focus on individual needs in explaining job satisfaction, worker behavior, and reward systems. There are four theories that are included in content motivation theories, they are:

1. Maslow's Need Hierarchy

   This theory proposed by Abraham Maslow. This theory assumes that people's need depend on what they already have. In a sense, then, a satisfied need is not a motivator. Human needs, organized in a hierarchy of importance, are physiological safety, belongingness, esteem, and self-actualization. The lowest level of needs is the physiological needs, and the highest level of needs is the self-actualization. Maslow defined human needs as:

   1. Physiological: the need for food, drink, shelter, and relief from pain.
   2. Safety and security: the need for freedom from threat; that is the security from threatening events or surroundings.

3. Belongings, social, and love: the need for friendship, affiliation, interaction, and love.
4. Esteem: the need for self-esteem and for respect from others.
5. Self-actualization: the need to fulfill oneself by maximizing the use of abilities, skills, and potential.

Maslow's theory assumes that a person attempts to satisfy the more basic needs (physiological) before directing behavior towards satisfying upper-level needs. Ivancevich *et.al* (2014) mentioned that there are several other crucial points in Maslow's thinking which are important to understanding the need-hierarchy approach:

1. A satisfied need ceases to motivate. For example, when a person decides to earn enough payment for contributing to the organization, money loses its power to motivate.
2. Unsatisfied needs can cause frustration, conflict, and stress. From a managerial perspective, unsatisfied needs are dangerous because they may lead to undesirable performance outcomes.
3. Maslow assumes that people have a need to grow and develop and, consequently, will strive constantly to move up the hierarchy in terms of need of satisfaction. This assumption may be true for some employees but not others.

2. Alderfer's ERG Theory

   In this theory, Alderfer proposed the need hierarchy involves only three sets of needs (Ivancevich *et.al*, 2014):

   1. Existence: needs satisfied by such factors as food, air, water, pay, and working conditions.
   2. Relatedness: needs satisfied by meaningful social and interpersonal relationships.
   3. Growth: needs satisfied by an individual making creative or productive contributions.

   This theory corresponds with Maslow's theory. Existence is similar with Maslow's physiolocial and safety categories. Relatedness is similar to belongingness, social, and love category and growth is similar to the esteem and self actualization. Alderfer theory described two processes that may happen at work, they are satisfaction-progression process as Maslow proposed, and frustration-regression process. That is, if a person is continually frustrated in attempts to satisfy growth needs, relatedness needs reemerge as a major motivating force, causing the individual to redirect efforts toward satisfying a lower-order need category.

3. Herzberg's Two Factor Theory

   The two factors theory is called hygiene factors (dissatisfiers) and motivators (satisfiers). Herzberg suggests that both hygiene factors and motivators, need to be present in order for employees to feel motivated. Hygiene factors are

extrinsic conditions from the job context and include salary, job security, working conditions, status, company procedures, quality of technical supervision, and quality of interpersonal relations among peers, superiors, and subordinates. When hygiene factors present, employees reach point where they are “not dissatisfied” with their job; however, this condition is not sufficient to motivate high levels of employee performance. Motivators, on the other hand, are intrinsic conditions from job content that make the job be meaningful and satisfying. Motivators include achievement, recognition, responsibility, advancement, the job itself, and the possibility for growth. These motivators are directly related to the nature of the job or task itself. When motivator factors present, they contribute to satisfaction. This, in turn, can result in intrinsic task motivation (Ivancevich *et.al*, 2014).

4. Mc Celland’s Learned Needs Theory

   This theory is closely associated with learning concepts. McClelland in Ivancevich *et.al* (2014) believes that many needs are acquired from the culture. When a need is strong in a person, its effect is to motivate the person to use behavior that leads to its satisfaction. The three of learned needs:

   1. *Needs for achievement*: Having a high in needs for achievement encourages an individual to set challenging goals, to work hard to achieve the goals, and to use the skills and abilities needed to achieve them.

McClelland in Ivencevich *et.al* (2014) developed a descriptive set of factors that reflect a high need for achievement.

1. The person likes to take responsibility for solving problems
2. The person tends to set moderate achievement goals and is inclined to take calculated risk
3. The person desires feedback on performance.

2. *Needs for affiliation*: It reflects a desire to interact socially with people. A person with high need for affiliation is concerned about the quality of important personal relationships, and thus, social relationships take precedence over task accomplishment.
3. *Needs for power*: A person with a high need for power, meanwhile, concentrates on obtaining and exercising power and authority. He/she is concerned with influencing others and winning arguments. Power has two possible orientations according to McClelland, it can be negative when the person exercising it emphasizes dominance and submission. In the other hand, power can be positive when it reflects persuasive and inspirational behavior.

The second category of motivation theory is the process motivation theories. Process theories describe and analyze how behavior is energized, directed, sustained, and stopped by external factors to the person. According to Ivancevich *et.al* (2014), process theories are concerned with answering the

questions of how individual behavior is energized, directed, maintained, and stopped. Three kinds of process theory:

1. Expectancy Theory

   This theory is developed by Vroom. This theory suggests employees to be motivated when they perceive their efforts that will result in successful performance and ultimately, desired rewards and outcomes. There are three elements of expectancy theory, they are:

   1. Efforts-to-performance expectancy

      It refers to the probability that an employee's effort will result in a desired level of performance. This expectancy represents the employee's perception of how hard it will be to successfully perform a task of assignment. Employees who think they can get the job done well will have a high expectancy as opposed to those employees who have a low expectancy; that is they may lack the skills, training, or time to successfully complete given task or project.

   2. Performance-to-outcome expectancy (instrumentality)

      It refers to probability that an employee's performance will lead to desired outcomes. If the employee believes that his/her hard work on an important high-profile project will be noticed and rewarded with an outcome, her performance to outcome expectancy will be high.

   3. Desired outcomes and valence

Valence refers to the preferences for outcomes as seen by the individual. An outcome is positively valent when it is preferred and negatively valent when it is not preferred or is avoided.

2. Equity Theory

This theory explains how people's perceptions of how fairly they are treated in social exchanges at work can influence their motivation. The essence of equity theory is that employees compare their efforts and rewards with those of others in similar work situations. It is based on the assumption that individuals are motivated by a desire to be equitably treated at work. The individual works in exchange for rewards from the organization. There are four important terms in this theory, they are:

1. Person; the individual for whom equity of inequity is perceived.
2. Comparison other; any group or persons used by person as a referent regarding the ratio of inputs and outcomes.
3. Inputs; the individual characteristics brought by person to the job. These may be achieved (skills, experience, learning) or ascribed (age, sex, race)
4. Outcomes; what person received from the job (recognition, fringe benefits, pay).

Equity exists when employees perceive that the ratios of their inputs (efforts) to their outcomes (rewards) are equivalent to the ratios of other employees.

Inequity exists when these ratios are not equivalent; an individual's own ratio of inputs to outcomes could be greater than or less than, that of others.

3. Goal-setting Theory

Goal setting theory is a popular theory specifying that people are motivated to attain goals because doing so makes them feel successful (Greenberg, 2011). This theory proposes that individual's conscious goals and intentions are the primary determinants of behavior. Setting the goals is a process that includes attributes or the mental processes of goal setting. The attributes by Locke in Greenberg (2011) are goal specificity, goal difficulty, and goal intensity. Goal specifity is the degree of quantitative precision (clarity) of the goal. Goal difficulty is the degree of proficiency or the level of performance that is sought. Goal intensity pertains to the process of setting the goal or of determining how to reach it. Currently, the goal intensity has not been widely studied, although a related concept, goal commitment, has been considered in a number of studies. Goal commitment is the amount of effort used to achieve a goal (Ivancevich *et.al*, 2014).

2.2.15 Job Performance

Sutrisno (2016: 151) mentions that work performance is as a result of work that someone has achieved from his work behavior in carrying out work activities. The degree to which a person's success in performing his job duties is called the level of performance by Vroom (As'ad, 2001 in Sutrisno, 2016: 150).

A person with a high level of performance is usually called a productive person, and conversely a person whose level of performance does not reach the standard, is said to be unproductive or low performance. Information about the high low performance of an employee cannot be obtained simply, but it is obtained through a long process of employee performance appraisal process called performance appraisal (Sutrisno, 2016: 150-151).

Performance appraisal according to Dessler (2015:292) is evaluating an employee's current and/or past performance relative to his/her performance standard. It also requires setting performance standards, and assumes that the employee receives the training, feedback, and incentives required to eliminate performance deficiencies.

2.2.16 Factors Affecting Job Performance

Steers (1984) in Sutrisno (2016: 151) mentioned that generally people believe that individual work performance is a combined function of three factors:

1. Abilities, temperament, and interests of a person working.
2. Clarity and acceptance of the explanation of the role of a worker.
3. Level of work motivation.

Meanwhile, according to Byar and Rue (1984) in Sutrisno (2016: 151), there are two factors that affect job performance are:

1. Individual Factor

1. Enterprises that show a number of physical and mental synergies used in organizing task movements.
2. Abilities, which are the personal qualities required to perform a task.
3. Role / Task Perception, is any behavior and activities that are perceived necessary by the individual to complete a job.

2. Environmental Factors

The environmental factors that affect job performance are:

1. Physical condition
2. Equipment
3. Time
4. Material
5. Education
6. Supervision
7. Organizational Design
8. Training
9. Luck

Sutrisno (2016: 152) stated that to measure the extent to which individuals behave in accordance with what is expected by the organization or institution, namely work performance, is generally associated with the achievement of the results of the standard of work that has been determined. The measurement of worker achievement is directed to six aspects which are key areas of achievement for the company, namely:

1. *The work*. The level of quantity and quality that has been generated and the extent to which supervision is conducted.
2. *Knowledge of work*. The level of knowledge associated with job tasks that will directly affect the quantity and quality of the work.
3. *Initiative*. The level of initiative during the work tasks, especially in terms of handling problems that arise.
4. *Mental Dexterity*. The level of ability and speed in accepting work instructions and adjust to the workings and work situations that exist.
5. *Attitude*. Level of morale as well as a positive attitude in doing the job.
6. *Discipline of time and attendance*. Level of punctuality and attendance.

Meanwhile Dessler (2015) stated that there are three bases that managers use to define the employee's goals and performance standards. They are the goals, job dimensions and competencies. Managers can use it one or more of those three bases.

1. *Goals.* The manager can assess to what extent the employee is attaining his/her numerical goals. Such goals should derive from the company's overall goals. The effective goals should be "SMART" (Specific, measurable, attainable, relevant, and timely).
2. *Job Dimensions.* Managers can appraise someone based on the basic job dimensions, such as the quality and quantity of the jobs.
3. *Competencies.* Managers also can appraise the employees based on their mastery of the competencies of performing the job requires. The

competencies generally are seen such as skills, knowledge, and/or personal behavior of the employees.

CHAPTER III

RESEARCH METHODS

3.1 The Research Approach

This research is a qualitative research which means this research is intended to understand the phenomenon of what is experienced by research subjects such as behaviors, perceptions, motivation, actions, and others holistically or intact, and by means of descriptions in the form of words and languages, in a specific, natural context and by utilizing natural methods (Moleong, 2005). There are four approaches used in qualitative research, namely narrative, phenomenological, grounded theory, ethnographic, and case studies. From those approaches, in this research, the researcher uses a case study approach. Case studies are a qualitative approach in which the researcher explores real-life, one or more cases through detailed and in-depth data collection involving multiple sources of information (observations, interviews, audiovisual materials, and documents and reports) and report case descriptions and case themes, the case may be a compound case or a single case (Creswell, 2015).

Stake (1995) in Creswell (2015) mentioned that the purpose of the case study is to illustrate a unique case, a case that has an unusual interest in him and needs to be described. In addition, case studies also aim to understand specific issues, problems, or concerns, and cases are selected to understand the issues well (Stake, 1995 in Creswell, 2015). Therefore, in this research, the researcher used case study as an approach to in-depth understanding about the problems of compensation occurred in

PaxOceanGrahaTrisakaIndustri (formerly named PT. Drydocks World GrahaBatam), which is the compensation given by company to its locals and expatriates employees.

3.2 Location of the Research

The location of this research is in PaxOceanGrahaTrisakaIndustri (formerly named PT. Drydocks World GrahaBatam). It is located in BrigjenKatamso Street No. 1, TanjungUncang, BatuAji, Batam, Kota Batam, Kepulauan Riau 29433.

3.3 Description of the Company

PaxOceanGrahaTrisakaIndustri is an established builder focused on offshore rigs, semi-submersibles and specialized offshore vessels, in addition to its reputation as a reliable and excellent conversion and repair service provider to global clients. Headquartered in Singapore, the PaxOcean yards are subsidiaries of the Singaporean multinational conglomerate Kuok (Singapore) Limited; a major group of private companies in Asia. Evolved from three marine and offshore yards, PaxOcean has leveraged on its strengths and collective experience of over 70 years and emerged as a premier design and build offshore group. With 6 facilities spread across key locations in Southeast Asia and China, PaxOcean has built 500 vessels since 2000.

The purpose of this company is to be the preferred alliance partner to their worldwide clients in the marine and offshore business. This company has willingness to continually uphold the quality standards, the safety of the workforce, and the protection of the environment because it values the employees, customers, society, and the world. This company also promotes a safe and healthy work environment,

and seeks to engage their employees in terms of fairness and mutual respect. It invests in employees' continuous improvement in order to help them realize their full potential. This company treasures the support of the customers and strives to achieve product integrity, safety, and reliability in every job that it undertakes. Its aim is to consistently fulfill its customers' need. In the end, this company is committed to execute the responsibilities with the highest level of integrity, professionalism, and humility. In Indonesia, this company has three yards and all of them are located in Batam. They are Drydocks (PaxOcean) Pertama, Graha, and Nanindah.

3.4 The Research Informants

The selection of informants is based on several considerations as follows:

1. Informants are parties who know everything related to compensation in the company.
2. The informant is an active worker and still works in PaxOceanGrahaTrisakaIndustriBatam and has worked for at least 2 years.
3. The informants consist of five men, one company, two local workers, and two expatriate workers. It aims to find out whether there are differences in compensation given and other problems happen to local workers and expatriate workers.

Based on the criteria above, there are some people who become informants, however, researcher will not include the original name of the informant due to the request from the informant. Informants of this research are:

1. Name: RS

   RS is the first informant in this research. He is HR Manager of this company and has been working for approximately 9 years at PaxOceanBatam. He is a native of Indonesia.

2. Name: IRD

   IRD is the second informant in this study. He is a local worker in this company who works as a senior engineer. He has worked for 4 years. He is an alumnus of Hasanuddin University of Makassar with a major in ship engineering.

3. Name: MNA

   MNA is the third informant in this study. He is a local worker in this company who works as an engineer. He has worked for 2 years. He is an alumnus of Diponegoro University Semarang with a major in ship engineering.

4. Name: SDR

   SDR is the fourth informant of this research. SDR is an expatriate worker working in PaxOceanGrahaTrisakaIndustri originating from India. SDR holds a position as an engineer. This worker has been working for 4 years.

5. Name: UPC

   UPC is the fifth informant in this research. UPC is an Indian expatriate worker. Position owned by UPC is assistant manager for department engineering. He has worked for 3 years.

3.5 Research Focus

The focuses of this research are the reason of employing expatriate workers in PaxOceanGrahaTrisakaIndustri;the determination of granting compensation to expatriate workers and local workers in PaxOceanGrahaTrisakaIndustri; the compensation that has been received by expatriate workers and local workers from PaxOceanGrahaTrisakaIndustri; the motivation to be the workers in PaxOceanGrahaTrisakaIndustriBatam according to expatriate workers and local workers; and the achievement performance of the expatriate workers and local workers in PaxOceanGrahaTrisakaIndustri.

3.6 Research Instrument

In qualitative research, the researcher is as key instrument. The qualitative researcher collects data themselves through examining documents, observing behavior, or interviewing participants. He or She may use a protocol (an instrument for collecting data) but the researcher is the one who actually gather the information. He or She does not tend to use or rely on questionnaires or instruments developed by other researchers (Creswell, 2009). The researcher as the instrument also should be "validated" on how far the qualitative researcher is ready to conduct the research and then enter the field. Validation towards the researcher as instrument includes the validation of the understanding qualitative research methods, mastery of knowledge to the field under study, researchers readiness to enter into an object of research, both academic and logistics. Validation conducted by the researchers themselves through a self-evaluation of how much understanding of qualitative methods, control theory and

insight of the area concerned, as well as readiness and supplies entering the field (Sugiyono, 2011).

In this study, there are some problems to be studied, including:

a) The reason of the company employs expatriate workers in PaxOceanGrahaTrisakaIndustri.

Expatriate workers are labor migrants originating from outside of Indonesia. Usually, expatriate workers are also placed in foreign companies. The number of foreign companies located in Batam indicates that jobs owned expatriate workers may also increase. There are some issues that will be examined connected with the use of expatriate workers for the company:

1. The number of expatriate workers employed and the number of local workers employed.
2. Quality of education owned by expatriate workers compared to local workers.
3. Competence owned by expatriate workers compared to the local workforce.
4. The management implemented in PaxOcean GTI.
5. The job positions hold by expatriates and locals workers.

b) The ways used by the company to determine the amount of compensation for local workers and expatriate workers in PaxOcean Graha Trisaka Industri.

To compensate, the company may not be careless in providing the appropriate amount of compensation to expatriate workers and local workers. All that must be considered before it is finally given to expatriate workers and local workers. The

following are the issues discussed in the ways used by the company to determine the amount of compensation for local workers and expatriate workers:

1. Factors to be considered to provide adequate compensation to expatriate and local workers by PaxOcean GTI.
2. The elaboration of each factor of consideration of compensation by PaxOcean GTI.
3. The reasons for these factors are a consideration for companies to provide compensation amounts to expatriate workers and local workers.

c) Compensation received by expatriate workers and local workers.

Compensation is something that must be accepted by the employees from the company as remuneration for their work. Expatriate workers are considered to always have advantages over local labor force, so that the compensation received was considerably higher than the local labor force. Here are some issues to be examined on the compensation received by expatriate and local workers:

1. Compensation of financial and non-financial received by expatriate and local workers.
2. Requirements to obtain compensation (financial and non-financial).
3. The amount of the financial compensation received by expatriate and local workers.

d) Motivation of expatriate and local workers to become the employees ofPaxOceanGrahaTrisakaIndustri.

Motivation can be said as an encouragement to every human in doing something to achieve what he wanted. Likewise with the employees who certainly has the motivation, whether intrinsic or extrinsic, to do a job. Similarly, in choosing where to work, employees will have their reasons or motivations for working in such workplace. There are some issues to be studied regarding to the motivation to be an employee in this company which refers to the theories of motivation from some experts:

1. The encouragement to work in the company.
2. The opportunity to demonstrate the potential of local and expatriate workers.
3. The amount of compensation offered by the company to employees.

e) Work performance achieved by expatriate and local workers while working atPaxOceanGrahaTrisakaIndustri.

Job performance can be regarded as the results achieved by a person in performing its responsibilities. Here is the problem to be studied with regard to the achievements of expatriate and local workers:

1. The form of performance achieved by expatriate and local workers.
2. The process in achieving such performance.

3.7 Data Collection

Data collection is a series of interconnected activities aimed at gathering information to answer the emerging research questions (Creswell, 2015).Data collection can be done in various settings, various sources, and various ways (Sugiyono, 2011). In this research, data collection is done with various sources and

various ways or techniques. Collection with multiple sources is collected with two sources, namely primary sources and secondary sources.

1. Primary Source

   According Sugiyono (2011), the primary data source is a data source that directly provides data to data collectors. The words and actions of the observed or interviewed people are the primary data source. The primary data sources are recorded through written notes or by recording video / audio tapes, taking photos, or movies (Moleong, 2005).

   In this study, the primary data source was obtained through interviews with selected sources with the aim of obtaining information on the differences in compensation received by local workers and expatriate workers. The data is recorded by the audio recording and taking photos using a mobile phone.

2. Secondary Source

   Sugiyono (2011) revealed that secondary sources are sources that do not directly provide data to data collectors, for example through others or through documents. Such resources can be obtained from scientific books and magazines, archives, personal documents, and official documents (Moleong, 2005).

   In this study, additional or secondary data sources are obtained through books, journals, personal source documents, and official documents from the company.

Data collection by techniques is usually collected by observation, interviews, documents, and audiovisual materials (Creswell, 2015). In this study, data collection techniques were conducted through interviews and documents.

1. Interview

   Interviews are conversations with a specific purpose and are carried out by two parties, i.e. interviewers, questions-raising parties, and interviewees, those who provide answers to the question (Moleong, 2005).Interviews can be done by face-to-face with participants, using the phone, or engages in focus group interviews, with six to eight interviewees in each group (Creswell, 2009). In this study, researchers conducted face-to-face interviews with informants. Informants interviewed are informants who know and experience the issues of inequity in compensation between local workers and expatriate workers.Therefore, this interview is addressed to HR Manager, local workers, and expatriate workers.

   The interviews conducted in this study were unstructured interviews. Interviews conducted are free where researchers do not use interview guidelines that have been arranged in a systematic and complete for data collection so that interview guidelines used only in the form of lines of problems to be asked (Sugiyono, 2011).Implementation of questions and answers that was conducted flows like in everyday conversation. From the interview, researchers get the data and information needed in this study.

2. Documentation

Further method used by researcher to collect data is documentation.The document is a record of past events. Documents can be in the form of writing, drawings, or monumental works of someone (Sugiyono, 2011).According Sugiyono (2011), documents in the form of writings are diaries, life history, stories, biographies, regulations, and policies. Documents in the form of images, such as photos, live pictures, sketches and others.Document in the form of creations is such as artistry, which can be images, sculptures, films, and others. According to Moleong (2005) and Creswell (2009), documents are divided into private/personal documents and public documents. Moleong (2005) revealed that private documents may be in the form of diaries, personal letters, and autobiographies while official documents may be memos, announcements, instructions, and rules of a particular community institution used within its own circle. According to Creswell (2009), personal documents may take the form of personal journals and diaries, letters, and e-mails, while official documents may be newspapers, minutes of meetings, and official reports.

In this study, data were collected using personal documents such as notes made by one of the informants, and public documents in the form of an official report owned by the company regarding company compensation.

3.8 Data Analysis

Data analysis in qualitative research begins with preparing and organizing the data (i.e., text data such as transcripts, or images such as photographs) for analysis,

then reducing the data into themes through coding and code summarization, and finally presenting data in the form of charts, tables, or discussion (Creswell, 2015).In this study, data analysis was performed using the concept described by Miles and Huberman (1984) in Sugiyono (2011), namely:

1. Data Reduction

   Data reduction means summarizing, choosing key points, focusing on things that are important, searched for themes and patterns so that reduced data will give a clearer picture, and make it easier for researchers to collect data later, and look for it when necessary (Sugiyono, 2011).In this study, the data reduction conducted includes recaptures of interviews and also the results of document collection related to the focus of this study.

2. Data Display

   The next step after the data is reduced is to present the data. In qualitative research, the presentation of data can be done in the form of brief descriptions, charts, relationships between categories, flowcharts, and the like.The data display aims to make it easy to understand what's going on, to plan further work based on what has been understood (Miles &Huberman, 1984 in Sugiyono, 2011). In this study, the data are presented using a chart that has been determined by the researcher herself.

3. Conclusion Drawing/ Verification

   The last step in analyzing data according to Miles and Huberman (1984) in Sugiyono (2011) is the conclusion and verification. Conclusions in qualitative

research are new findings that have not previously existed.Thus, the conclusions in qualitative research may be able to answer the formulation of problems that have been formulated from the beginning, but may also not, because the formulation of the problem in qualitative research is still temporary and will develop after the research was in the field (Sugiyono, 2011). In this research, the process of drawing conclusions is done by discussing the findings of data in the field with the theories that exist in the theoretical review chapter.

3.9 Data Validity Test

In qualitative research, findings or data can be declared valid if there is no difference between the researchers reported which what actually happened to the object under study (Sugiyono, 2011). In qualitative research, data validity test includes credibility, transferability, dependability, and confirmability (Sugiyono, 2011). In this study, the validity of data is tested by credibility and transferability.

1. Credibility Test

According to Sugiyono (2011), data credibility test or trust to qualitative research result data can be done with extension of observation, perseverance improvement in research, triangulation, discussion with peers, negative case analysis, and member check. In this study, triangulation is the way that researcher chooses and do in testing the credibility of the data.

Triangulation in credibility testing is defined as checking data from various sources in various ways, and at various times (Sugiyono, 2011). Triangulation is divided into three, namely:

1. Triangulation of Sources

   The data credibility test using triangulation source is done by checking the data that has been obtained through several sources. Data from these sources cannot be averaged like quantitative research, but are described, categorized, where the views are the same, which are different, and which are specific from those sources.

2. Triangulation of Techniques

   The data credibility test using triangulation technique is done by checking the data to the same source with different technique. For example data is obtained by interview then checked with observation, documentation, or questionnaire. If the technique produces different data, then the researchers do further discussion to the data source to ensure which data is considered correct or maybe everything is true.

3. Triangulation of Time

   In testing the credibility of data can be done by checking with interviews, observations, or other techniques in different times or

situations. When the test results produce different data, it is done repeatedly so until the data is found to be certain.

In addition to triangulation of sources, techniques, and time, the data testing through triangulation can also be done by checking the results of research, from other research teams who are given the task of collecting data.

In this study, researcher used triangulation of sources in testing the validity of data. This triangulation of source is done to the parties selected by the researcher to reevaluate the truth of the information or data provided by the key informants, they are:

1. Parties who are interviewed to assess the correctness of information from RS:
    1. JND,is a subordinate of RS who has a position as a senior HR officer.
    2. IRD,is a local worker who has position as senior engineer.
    3. MNA, is a local worker who has position as engineer.
    4. SDR,is an expatriate worker who has a position as an engineer.
    5. UPC,is an expatriate worker who has position as assistant manager in Engineering Department.
    6. PS,is a local worker and also the Chairman of Union in the company.
2. Parties who are interviewed to assess the correctness of information from IRD:

1. MNA,is a local worker who has position as engineer and also a friend of IRD.
2. EAS,is a local worker and a friend of IRD.

3. Parties who are interviewed to assess the correctness of information from MNA:
    1. IRD,is a local worker who has position as senior engineer and also a friend of MNA.
    2. EAS,is a local worker and a friend of MNA.
4. Parties who are interviewed to assess the correctness of information from SDR:
    1. RS, is a HR Manager in PaxOcean GTI.
    2. JND,is a subordinate of RS who has a position as a senior HR officer.
    3. UPC,is an expatriate worker who has position as assistant manager in Engineering Department.
5. Parties who are interviewed to assess the correctness of information from UPC:
    1. RS, is a HR Manager in PaxOcean GTI.
    2. JND,is a subordinate of RS who has a position as a senior HR officer.
    3. SDR,is an expatriate worker who has a position as an engineer.

In addition to those parties, researcher also interviewed the representative of Manpower Office Batam to obtain additional information about hiring expatriate workers and compensation differences between local workers and expatriate workers in Indonesia. The person is TKM who is the Head of Industrial Relation Section.

2. Transferability Test

Transferability means the extent to which the results of the research can be applied or used in other situations (Sugiyono, 2011).In this study, the researcher uses a detailed description technique, that is, by making a report as accurate as possible which describes the context in which the research is conducted and also refers to the research focus. In this study, the report was prepared by providing detailed, systematic, and reliable descriptions in order for the reader to be clear on the results of this study. Thus, the reader can decide whether the results of this study can be applied or not elsewhere.

CHAPTER IV

EXPATRIATE IS POWERFUL

4.1 Introduction

When hearing the word "foreigner", Indonesian people in general are very enthusiastic and consider his country is very famous because there are foreigners coming. All forms of homage are addressed to these foreigners without knowing what they are actually doing in Indonesia. It is also common in the corporate environment. Big companies are judged to be even more proud if they also hire foreigners in their company. The presence of well-known products made using sophisticated technology originating from abroad is enough to imply that the quality of work ability possessed by foreigners is excellent. This is different when compared to the ability of work owned by Indonesians who are considered not too good and still use the traditional tools that are not as sophisticated technology as used by people abroad.

This chapter will describe the reasons of PaxOcean Graha Trisaka Industri to employ expatriate workers in that company. The data obtained comes from various sources such as interviews with HR Manager and one of the parties from the Manpower Office in Batam and from local workers who work at PaxOcean Graha Trisaka Industri.

4.2 Centralized Management

PaxOcean GTI Batam is a subsidiary of PaxOcean located in Singapore. Therefore, the existing management in PaxOcean GTI must also follow the existing management in Singapore. This was conveyed by HR Manager PaxOcean GTI:

> "PaxOcean Batam's management follows the central management (Singapore) except the employment law legislation. If it's a matter of projects, prices, and materials, we follow Singapore." (RS, 07 April 2018, 09:10 WIB)

According to HR Manager, the management implemented at PaxOcean GTI Batam follows the existing management in Singapore, especially in terms of projects, prices, and materials used. This is because the required goods are not available in Indonesia. However, in terms of employment, PaxOcean GTI follows Indonesian legislation. In addition, all decisions are made in Singapore so basically PaxOcean GTI is a company to do the work or project that has been approved by PaxOcean Singapore. As disclosed by HR Manager:

> "…. All decision-making comes from the central company. We are here only as the organizer of the project provided by Singapore." (RS, 07 April 2018, 09:11 WIB)

Therefore, the authority to manage the company was not entirely given headquarter to PaxOcean GTI. As disclosed by HR Manager:

> "(PaxOcean GTI is) given authority but not completely. Thus, the authority granted also limited authority. For example, PaxOcean GTI may buy goods but a maximum of USD 500,000." (RS, 07 April 2018, 09:20 WIB)

According to HR Manager, PaxOcean GTI is given limited authority to manage the company because the authority is entirely in the hands of the headquarter

corporation. In addition, the key positions in the PaxOcean GTI are in majority occupied by expatriates. However, there are also some who are occupied by local workers. As disclosed by HR Manager:

> "The key positions in the PaxOcean GTI company are project manager, finance, material handler and store, engineering, facility, HRD, marketing, and QA / QC. Project manager, material handler, facility, engineering, and QA / QC are occupied by expatriate workers, while finance and HRD are occupied by local workers. Particularly for the marketing section, it is occupied by local workers and expatriate workers. So there are two. In essence, PaxOcean in Singapore is devoted to finding projects." (RS, 07 April 2018, 09:30 WIB)

Based on the narrative of HR Manager, expatriate workers more occupy key positions in the production department while non-production sections are occupied by local workers, such as finance and HRD. This is because local workers are able to do work in the field of finance and HRD moreover it is already regulated in Indonesian legislation on employment, while for work in the field of production requires more workers who are experts technically, and local workers are not yet able to do so thus requiring expatriate workers to be able to share knowledge and exemplify its implementation. As disclosed by HR Manager:

> "(Expatriate) still important and necessary, because there are some projects that we have never done in Indonesia, but the work has been done by the expatriates in Singapore so we need their experience." (RS, 07 April 2018, 10:00 WIB)

According to HR Manager, expatriat workers have gained experience on the project being done while local workers have not fully experienced the experience. This is because the project received by PaxOcean GTI is a project diverted from

PaxOcean Singapore to Batam so it can be said that some projects have been experienced and worked by expatriate workers. Therefore, expatriate workers still have to be employed in PaxOcean GTI.

HR Manager stated that the main purpose of expatriate use in PaxOcean GTI is to transfer technology. They are assigned to share their knowledge with local workers so that local workers can have competencies that are needed by the company. For that reason, expatriate workers in PaxOcean GTI are employed for a long time. As disclosed by HR Manager:

> "In general, it takes between 4-5 years for expatriates to transfer technology." (RS, 07 April 2018, 10:15 WIB)

Based on the narrative of HR Manager, the assignment time for expatriates is between four to five years. This time is enough for companies to provide knowledge to local workers through expatriates. This is also evidenced by statements by expatriates, SDR and UPC:

> "In this company, now, it's about 4 years." (SDR, 22 February 2017, 12:45)

> "I've been working for last 3 years." (UPC, 22 February 2017, 10:52)

Based on the narrative from expatriates, they have been working at PaxOcean GTI for almost five years which means they are given a long period of assignment to work in PaxOcean GTI Batam.

4.3 Transfer Knowledge

Employing expatriate workers in PaxOcean Graha Trisaka Industri is based on the company's need to do the existing work. The HR Manager admitted that there is a

lot of job in this company that is committed by 1,014 local workers and 81 expatriate workers. However, those numbers of local worker is still not able to finish the jobs, so the company gave it to expatriate workers. As disclosed by HR Manager:

> "We have jobs that cannot be done by local people." (RS, 08 February 2017, 11:18 WIB)

According to HR manager, many jobs in the company cannot be done by local workers so the company decides to hire expatriate workers who have the ability in the job. The same statement is also revealed senior HR officer, namely JND to researcher:

> "Expatriate workers have competencies which are not owned by local workers, so transfer of knowledge to local employees is required."(JND, 10 February 2017, 19:02 WIB)

JND also revealed that expatriate workers have competencies that are not owned by local workers. Therefore, transfer of knowledge is necessary to support the performance of local workers. Through expatriate workers, the company wants the worker to assist local workers in doing complicated work by transferring their knowledge to local workers, such as operating equipment and special machinery or in this case technology. In addition, the mastery of language, especially English, is also included in competencies that local workers cannot do. As disclosed by HR Manager:

> "Like the equipment, the technology and the mastery of the language, they are more competent in that field." (RS, 08 February, 2017, 11:18 WIB)

According to HR manager, these jobs can only be done by expatriate workers because the expatriate workers are also equipped with international certificates which ensure that they do have the ability to do the work, so they are expected to share

knowledge to local workers in this company. The same statement is expressed by local workers, i.e. MNA, who claimed that expatriate workers did not hesitate to help or teach what MNA could not do. As expressed by MNA:

> "... But if the problems such as working or whatever, we have same ability. And we really support each other. They do not hesitate to give knowledge. They teach us the ways to complete the job. That's for engineering. But if for other department, I do not know."(MNA, 24 February 2017, 13:18 WIB)

Based on the results of the interview, MNA admitted that local workers and expatriate workers are supporting each other in terms of work. Expatriate workers are not hesitant to give their knowledge when it is needed by local workers. So, according to him, no problems arise between the two parties. The same statement is expressed by EAS:

> "In the term of transferring knowledge, expatriates are good and there is no store of knowledge. If they know about that job, they will give their knowledge directly to us. Now the question is, we want to ask or not? We want a discussion or not? In this department, I see it is still okay in transferring knowledge by expatriates to local. For example I have constraints and I do not know how to do, then I asked to one of them like ' do you know?' Then he said 'oh I know', after that, I just ask 'how? Can you please explain?'" (EAS, 26 February 2017, 10:35 WIB)

According to EAS, in terms of transferring knowledge, expatriate workers always transfer their knowledge if local workers need help. Expatriate workers never keep the knowledge they have. According to EAS, if expatriate workers are deemed not to share knowledge with local workers, it is because local workers themselves do not have the initiative to ask questions about knowledge they do not know yet. However, when asked about the differences in capabilities possessed by expatriate

workers with local workers, EAS admits that the ability of both parties is the same. If many say expatriate workers are better in the term of capabilities, according to EAS, it is based on the experience of expatriate workers. As expressed by EAS:

> "... Personally, I say they win experience, because I'm new (in working). That's my personal opinion. It is because I'm sure if I've long period of time in working, I can do what they do. In term of the human resource, it's same. Nothing different ..." (EAS, 26 February 2017, 10:34 WIB)

EAS claimed that expatriate workers have more experience than EAS himself so that the company is not doubt on the ability possessed by expatriate workers. According to EAS, all local workers, especially himself, if he has long period of time in working in this company, certainly he will also has the same ability with expatriate workers.Just like EAS, other local workers, namely IRD admitted that their ability was not different. As revealed by IRD:

> "In term of skill, we are same. In fact, many of our people are greater than them. I think we are greater compared to them." (IRD, 24 February 2017, 11:24 WIB)

According to IRD, the ability of expatriate workers when compared to local workers is the same. This is evidenced by the observations that he did alone while working in the company. The experience of IRD who worked for 4 years with expatriate workers made him believes that the capabilities of expatriate workers were not better than local workers, and the ability of local workers was not worse than expatriate workers. In fact, according to him, many local workers are more powerful than expatriate workers. This is also supported by a statement by the PaxOcean GTI

union chairman who said that local workers have the same abilities as expatriate workers. As expressed by the chairman of the union:

> "If it is said that his program like Mr. Jokowi wants to transfer science, I think it's wrong. What science will be transferred? Indonesia, we are good argon (weld name), good welding. What do you want to transfer? Nothing would be transferred." (PS, 06 February 2017, 16:05 WIB)

Based on the results of the interview, the chairman of the union claimed that local workers have the same ability with expatriate workers. He pointed out that local workers can do welding as good as expatriate workers so that when the work can be done by local workers, the program of hiring expatriate workers to transfer knowledge should not be done. This is because when local workers are expert at doing the work, they do not need to be transferred knowledge. Instead, the local workers must transfer knowledge to unprofessional workers.

4.4 Communication Needs

PaxOcean Graha Trisaka Industri is one of the foreign companies from Singapore located in Batam. Having a branch company in Batam does not make this company fully employ Indonesian workforce. The company also employs expatriate workers from various countries who are generally ASEAN countries. Being fully aware that the owner is not very good at using Indonesian language and the number of local workers who cannot speak English, this company brings with them the expatriate workers to Batam, which is certainly proficient in English, with the aim to establish a

smooth communication. It was revealed by the representative of Manpower Office of Batam:

> "… So if we observe, (employing) the expatriate is solely for communication. Because of what? Most of the companies in Batam are foreign companies. Thus, they are requiring expatriates solely for communication." (TKM, 01 March 2017, 07:42 WIB)

The representative of Manpower Office of Batam considered that foreign companies in Batam, including PaxOcean, employed expatriate workers only for communication needs. The language the company used to communicate is basically English. Recognizing that many local workers in Batam cannot speak English, the company hired expatriate workers who can certainly speak English. In addition, other languages used are Chinese, given that the company owner is a Singaporean citizen. It was also revealed by Manpower Office representative:

> "... Because the company is a foreign company so that the company also brought people from its country here. The goal is for mere communication. Like the Singapore, not all of the Singaporeans speak English. Sometimes, they speak their language, Chinese." (TKM, 01 March 2017, 07:42 WIB)

Furthermore, the Manpower Office representative exemplified communication in a company in Batam originating from Singapore is sometimes not in English, thus it requires workers from the same country to communicate in business.

4.5 Expatriate Workers Have Discipline Personality

In doing the work, every worker is required to be discipline against the rules that have been determined by the company. The company makes regulations and policies with the aim of being a guide for employers and workers to perform their duties and

obligations in order to create a harmonious working relationship for both parties. Although the company has made regulations and policies, in practice there is still behavior of workers who are considered to violate the rules that have been established and it is often committed by local workers. This is what makes PaxOcean Graha Trisaka Industri choose to hire expatriate workers. As disclosed by HR Manager:

> "… The expatriate's integrity factors we should also distinguish, firstly, it is their discipline. Expatriate tends to be more disciplined. Why? Because he works in another country, he will try to maintain his job. He will expect his contract on the next year will be spliced, so his work is disciplined. What about Indonesian people? When they are permanent, they start lazy …" (RS, 08 February 2017, 11:00 WIB)

According to HR Manager, the discipline that local workers have in doing the job is still weak. This is evidenced by the large number of local workers who show more indiscipline when appointed as permanent workers. This is very different from the attitude shown by the expatriate workers who is still consistent with the discipline. HR Manager disclosed that expatriate workers are workers coming from outside Indonesia and their status is not permanent workers so they feel they have to perform well, so that their contract could be continued next year. If they cannot continue the employment contract, they cannot support their family in their home country. Therefore, they try to always be disciplined.With such personalities, their performance is judged to be better than local workers.

It is undeniable that many expatriate workers are employed with higher positions than local workers. This is evidenced by the number of local workers who become subordinate of expatriate workers such disciplined work attitude make local workers

obey the commands spoken by expatriate workers. As expressed by local workers, IRD:

> “... there is one more side, named psychological side. Because we are commanded by local people, if we are commanded by local, our worker psychology is usually thought "wait a minute, sir" but if expatriate that is commanded "you have to do this and like this" our workers will be more encouraged and motivated...”(IRD, 24 February 2017, 11:26 WIB)

Based on the results of these interviews, IRD admits that there are positive effects brought by expatriate workers in terms of commanding. It can be said that the Indonesian people have a great tolerance for each other, it is different from foreigners who have little tolerance to each other. They can tell which things should be tolerated, which things do not have to be tolerated. This is what makes them more disciplined and practiced also in working. IRD said local workers will be more encouraged and motivated to be led or ruled by expatriate workers rather than being ruled by Indonesians. Local workers are judged to be "spoiled" if they are in the leadership of Indonesians.

4.6 Summary of Research Results

PaxOcean Graha Trisaka Industri is a big company engaged in the shipyard. Having 1,014 local workers, does not make this company intend to not hire expatriate workers as well. 81 expatriate workers have worked in this company (Secondary Data, PaxOcean GTI documentation, 2016). There are various things that make the company feel that hiring expatriate workers is necessary to support the company's performance. From the results of this study, the company employs expatriate workers

because the management of the company is centralized which means in managing the company, PaxOcean GTI is following the headquarter, and all of the decision making is made in headquarter. In addition, expatriate workers can transfer their knowledge and expertise especially in technology to local workers. Another reason is the need to communicate between subsidiaries and headquarter company with the constraint is language differences and consistency of disciplinary behavior shown by expatriate workers. The following is a table that shows the reasons of PaxOcean Graha Trisaka Industri employs the expatriate workers:

Table 4.1:

The Reasons of PaxOcean Graha Trisaka Industri Employ the Expatriate Workers (Summary)

No.	GTI's Reason of employing expatriates	Theory and Previous Research		Similar to / Different to
1.	Centralized management	1. Dowling *et.al* (2013) 2. Kuhlmann & Hutchings (2010)	1.1 There are four approaches in managing and staffing subsidiaries, namely ethnocentric, polycentric, geocentric, and regiocentric. 1.2 There are three reasons to international assignment, namely position filling, management development, and	**Similar to:** Dowling *et.al* (2013)
2.	Transfer knowledge			**Similar to:** 1. Dowling *et.al* (2013) 2. Kuhlmann & Hutchings (2010)
	Communication Needs			**Similar to** Kuhlmann & Hutchings (2010)
4.	Discipline personality			-

			organizational development. 2.1 Expatriates can be a powerful means to transfer technical expertise and management know-how to foreign ventures. 2.2 Expatriates represent the interests of headquarters and may improve communication between headquarters and subsidiaries and assist headquarters' staff to understand the local business environment. 2.3 There is a growing recognition that employees with international expertise do make a difference in contributing to achievement of competitive advantage in the international business	

			environment.	

Source: Primary Research (2017)

Those reasons are in line with the theory of Dowling *et.al* (2013) which stated that there are three reasons of organization do international assignment, namely position filling, management development, and organizational development. Those reasons from PaxOcean GTI have similarity with the reason that proposed by Dowling *et.al* (2013) which is to develop the organization or company.

Dowling *et.al* (2013) also revealed that there are four approaches in managing and staffing subsidiaries, namely ethnocentric, polycentric, geocentric, and regiocentric. There is similarity from that research results with this study which PaxOcean adopt ethnocentric approach in managing and staffing the subsidiary in PaxOcean GTI Batam.

Kuhlmann & Hutchings (2010) revealed that expatriates can be a means to transfer technical expertise and management know-how to foreign ventures. There is similarity from that research results with this study where PaxOcean GTI Company employs expatriate workers is to giving the local workers more knowledge and expertise by transferring knowledge and expertise done by expatriates workers.

The research result revealed by Awang *et.al* (2013) mentioned that knowledge transfer generates advantages for foreign MNCs and the local professional workforce. However, knowledge-based outputs among the local professional workforce are still

in their infancy. There is similarity of research conducted by Awang *et.al* (2013) with this study, i.e. there is little benefit felt and gained by local workers from transfer knowledge provided by expatriate workers so that knowledge of job didn't increase rapidly.

Boyacigiller (1990) and Nohria & Ghosal (1994) in Kuhlmann & Hutchings (2010) revealed that expatriates represent the interests of headquarters and may improve communication between headquarters and subsidiaries and assist headquarters' staff to understand the local business environment. This study has similarities with that previous study where PaxOcean GTI employs expatriate workers to communication needs. This communication is related to language that is used by them, namely English or Chinese. By communicating with the same language, it makes the headquarter company in Singapore and subsidiaries in Batam easy to make control and coordination.

CHAPTER V

SUITABILITY OF JOB AND COMPETENCY AS THE MAIN KEY

5.1 Introduction

Employing the expatriate workers in Indonesia sometimes has a positive impact toward Indonesia, but on the other hand there are those who feel disadvantaged on the use of expatriate workers, namely the local workforce. The existence of different treatment shown by the company between expatriate workers and local workers is a factor of social jealousy. The difference treatment is generally a wage issue in which local workers feel that they are paid less than expatriate workers even though they also feel that their abilities are the same and not much different from expatriate workers. The same problem is complained by local workers at PaxOcean Graha Trisaka Industri. That complaint occurs because sometimes workers do not really know what things that actually become the determination for the company compensates the local workers and the expatriate workers, so local workers feel that what they have done does not get the proper compensation compared to expatriate workers who do the same job but get reasonable compensation.

This chapter will describe the ways done by PaxOcean Graha Trisaka Industri in determining, considering, and providing feasible wages to local workers and expatriate workers, also what things that influence the ways. Information that is obtained is based on the results of interviews from the PaxOcean Graha Trisaka Industri and the Government representative.

5.2 Using Salary, Competency, and Benefit Principal

The first thing to be determined by PaxOcean Graha Trisaka Industri Batam Company to provide compensation refers to the principles of salary, competency, and benefits. It means that the company will see the competency of workers possess, i.e. skills and knowledge to determine the compensation received by the workers. In addition, the length of service or experience also becomes a consideration for the company in compensating workers. As disclosed by RS as HR Manager of the company:

> "…salary, it will go hand in hand with the development of the length of service, skills and knowledge. It means the salary is directly proportional to the length of service plus skills plus knowledge. Skills and knowledge are made into one, plus experience. If his length of service is big, his skill is big, his experience is great, his salary is big. If his length of service is small, his skill is small, his experience is small, his salary is small. Well, the smallest salary is minimum wage. Now, we are talking about salary and competence… if in our terms is salary, competency, and benefit. This benefit must not be in the term of money. Housing, shuttle transport, return ticket, want to pay handphone the company will paid it, given clothes, and others… this name is gratification, excluding wages." (RS, 08 February 2017, 10:09 WIB)

RS considers that the size of the compensation received by the workers will be seen from the length of service, skills, and knowledge, and experience in a field of work. The greater length of service, skill and knowledge and experience of a worker, the greater compensation he receives, on the other hand, if the length of service, skill and knowledge, and experience of the workers are low, the compensation received is also low. According to RS, the small amount of compensation refers to the minimum

wage set by the government. For now (2017), the minimum wage in Batam is 3.2 million rupiahs (Batam Pos, 2016).

5.3 Using Wage Structure and Scale

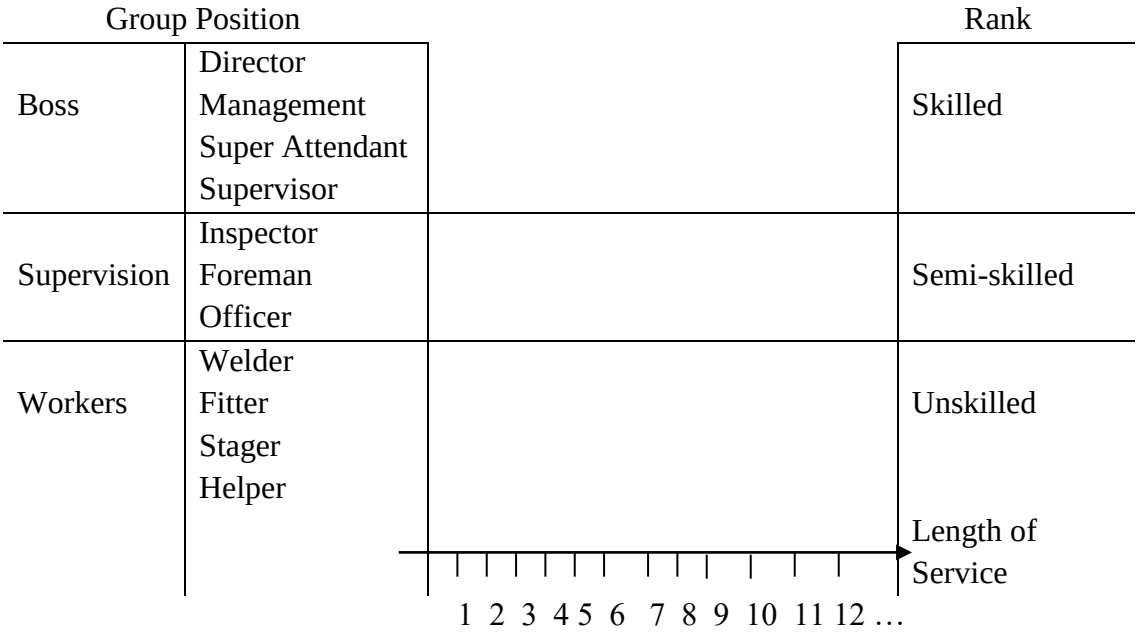
In addition, the company also has a structure and scale of wages that become a reference for company to compensate its workers, as disclosed by HR Manager:

> "Secondly, we also have the structure and scale of wages. The structure and scale of this wage is also determined by this pyramid career, where there is a name of the class position ... here ... the name of the working period, ranging from zero, 1, 2, 3, 4, 5, 6, 7 and so on. This is a rank (the right side). Well, we divide this rank in three. First rank is for unskilled, second one is for semi-skilled, and third one is for a skilled." (RS, 08 February 2017, 10:11 WIB)

RS admits that the company also has the structure and scale of wages in compensation. The structure and scale of the wages are arranged by looking at the class position, the length of service, and rank. Rank as meant by the company, is the level of competence owned by the workers and the level is divided into three namely unskilled, semi-skilled, and skilled workers. Unskilled worker is the lowest rank of a worker. Workers in this rank are assumed to be workers with skill, knowledge, and experience level is in 0 (zero) and assumed as workers who do not have a sale value so that the compensation received is also at the minimum wage level. Semi-skilled worker is the medium rank of a worker. Workers in this rank are assumed to be workers who already have enough skill, knowledge and experience so that in the matter of compensation, workers in this rank will increase several levels of workers in rank unskilled while the skilled worker is a worker who already has high skills,

knowledge and experience. Even if the worker has a higher level of skill, knowledge and experience, it will be referred to an expert so that automatically in compensation, the worker has a very high salary. Here is an example of the structure and scale of wages made by PaxOcean Graha Trisaka Industri:

Figure 5.1:
Wage Structure and Scale (Example)



Source: Secondary Data Research (2017)

The use of the structure and scale of wages in PaxOcean Graha Trisaka Industri also a realization of the government's decision to allow companies to set up wage structures and scales to differentiate wages for newly admitted workers, workers who have worked for a year, two years, three years, and so on to avoid wage gap between workers. In addition the frequent clashes between workers and companies regarding wage issues can be reduced. The preparation of wage structures and scales is

mandatory to be exercised and submitted to companies and workers to manage them. As expressed by Head of Industrial Relations Section of Manpower Office of Batam:

> "…There is a decision of the minister No. 49 of 2004 on the structure and scale of wages. It means that the company must arrange the wage scale structure to distinguish the wages between new employees and a year, two years, three years employees, or so on so there is no gap between those employees or laborers. It also suppresses the company's commotion. It leaves the laborer with the company to organize it, it's a mandatory." (TKM, 01 March 2017, 08:15 WIB)

HR Manager admitted that PaxOcean Graha Trisaka Industri has two wage structures and scales dedicated to local workers and expatriate workers. As expressed by HR Manager:

> "Well, there are two structure of our wage scale, they are for local people and expatriates…our expatriates also do not want to be (paid according to Indonesian standards), we use Singapore standards ..." (RS, 08 February 2017, 10:12 WIB)

For expatriate workers, HR Manager admitted that wage scale structures owned by expatriate workers refer to Singapore standards. The same explanation is also expressed by senior HR officers:

> "That is not the standard Singapore salary, but the wage structure created by Singaporean HR." (JND, 10 February 2017, 19:22 WIB)

Senior HR officers also recognized that the structure and scale of wages of expatriate workers refer to standards established by Singaporean, in this case the HR Department in Singapore. The company uses Singapore standards, the salary received will be the cost of living of the expatriate worker in his home country. In addition, there is another purpose why the structure and scale of wages of expatriate workers

follow the standards set by Singaporean HR. As revealed by senior HR officer PaxOcean Graha Trisaka Industri:

> "…if expat people follow the standards of Indonesia while their families are in Singapore for example, which expats want to go to Indonesia to transfer their knowledge to us again? If I am a Singaporean, my salary is smaller if I work outside Singapore, who else would go abroad?" (JND, 10 February 2017, 19:33 WIB)

According to a senior HR officer, the payroll goal of expatriate workers follows the salary standard that has been made by HR in Singapore so that many expatriate workers are willing to go to their company to provide knowledge transfer. The low salary standards in Indonesia will only make expatriate workers refuse to come and transfer their knowledge to Indonesian workers if they are paid in accordance with salary standards in Indonesia.

The Head of Industrial Relations Section of the Batam Manpower Office also gave his opinion and his views on the existing wage scale structure in the PaxOcean GTI Company. As revealed by Head of Industrial Relations Section of Batam Manpower Office:

> "... Furthermore the wages of expatriate workers are not equal to the wages of Indonesian workers / local workers because the determination of expatriate worker wage is determined in the country of origin of the company owner. It is also based on the skill and competence of the workforce itself ..." (TKM, 01 March 2017, 07:50 WIB)

According to him, in addition to the competencies of expatriate workers, the wages earned by expatriate workers are also based on the creation of structures and wage scales made by the country where the PaxOcean Company originated. Since the

company is from Singapore, then, the compensation given also follows the structure and scale of wages made in the company of origin.

More details, HR managers refuse to provide information about the structure and scale of wages for expatriate workers for several reasons. As disclosed by HR Manager:

> "… For certain expatriate, there is no company that wants to open the structure and scale of wages once the company was Tbk (opened company). It is because if it's open to the public, it will just as well open its secrets to competitors." (RS, 08 February 2017, 10:12 WIB)

According to him, providing information on the structure and scale of wages of expatriate workers to other parties means giving the company's secrets to competitors. In addition, there is another reason why the structure and scale of wages for expatriate workers cannot be disclosed to the public. As disclosed by HR Manager:

> "The reason why information about wage scale structures is secret is to reduce turnover. The more turnover, the production is ineffective. That's why our wages for our expatriates are very secret but for local is semi-confidential. Because the mouth of the Indonesian people cannot be trusted, although written in the paycheck that the salary is a secret ..." (RS, 08 February 2017, 10:13 WIB)

The next reason of not giving information of expatriate's wage structure and scale to other parties outside the company is the turnover will increase and disrupt the company's productivity. Unlike expatriate workers, the provision of information on the structure and scale of wages for local workers can still be provided by the company but only to those who need it.

5.4 Looking at Organizational Needs

The basic principle owned by PaxOcean Graha Trisaka Industry Batam refers to the competencies of the workers plus their experience and the length of service. However, organizational needs also determine in compensation for workers, both local and expatriate workers. This organizational need is associated with task complexity as expressed by HR Manager:

> "... The complexity of the task here is the number of their employees, then, the risk of their works and then the technology." (RS, 08 February 2017, 10:54 WIB)

According to RS, the most influencing task complexity in this company is the amount of labor and the risks that exist in a job. In this case, RS describes in table form as follows:

Table 5.1:

Differences Organizational Needs

Level of Position	Department A (person)	Department B (person)
Manager	1	1
Supervisor	1	2
Foreman	4	8
Worker	40	80

Source: HR Manager's Note

From the table above, RS describes the differences that occur in two different departments. The researcher divides the two departments with the names A and B. From the table it appears that department A is chaired by 1 manager where the

manager oversees 1 supervisor, 4 foremans, and 40 workers. On the other hand, department B is chaired by 1 manager where the manager supervises 2 supervisors, 8 foreman and 80 worker. In terms of compensation, it appears that the managers in these two departments must have different amounts of compensation. This is because of the complexity of the task that requires department B to have more subordinates. Department B has a larger task than department A so that department B managers need many subordinates who can help them to accomplish these tasks. Managers in department B also assume greater responsibility for their employees so it is normal for managers in department B to be compensated more higher than managers in department A. Such a concept is not only for managers, but also for other positions in this company.

Organizational needs are also closely related to reorganization where in the event of reorganization, the company has a policy to promote and demote the position of the workers. In this company, promoting titles is called promotion and demotion, as revealed by HR Manager:

> "…. So, the wage is also determined by re-organization factor. Well, when we do the re-organization, we categorize the workers' position based on their promotion and their demotion. Demotion means their position is downgraded. It is because their bad behavior." (RS, 08 February 2017, 10:27 WIB)

In relation to compensation, RS admitted that promotion and demotion are the determining factors of compensation for both local workers and expatriate workers. RS mentioned that in the promotion and demotion there are three things that concern the company, as revealed by HR Manager:

> "In this reorganization factor, there are three factors that we should consider. The first is salary, the second is position, and the third is benefit." (RS, 08 February 2017, 10:28 WIB)

To understand this promotion and demotion, the researcher presents a table showing how the linkage between promotion and demotion with three things such as salary, position, and benefit:

Table 5.2:

Reorganization Factor

	Salary	Job Position	Benefit
Promotion	Depend	Changed (rise)	Depend
Demotion	Not changed (fixed)	Changed (decline)	Changed (decreased)

Source: HR Manager's Note

The table above shows that when a promotion occurs, salaries and benefits do not always rise up because it depends on the positions being promoted. If the position being promoted is a horizontal position, then there is not necessarily increase in salary and benefits, as revealed by HR Manager:

> "If it's promotion, should the salary be raised? Not really, because in the term of promotion, the position such as manager can be raised still as a manager but he was promoted into the other department." (RS, 08 February 2017, 10:29 WIB)

The increase of horizontally position in question is an increase in positions that occur because viewed from the department. A manager who used to work in department A, then moved to manager in department B can be said to be a promotion so that in terms of salary, as seen in the table and that has been disclosed by HR

Manager, there is no increase because the promotion of positions held is horizontally promotion. However, if the worker is promoted vertically, as an example of an assistant engineer becomes an engineer, then the salary received must increase, as expressed by HR Manager:

> "… but if the promotion is done vertically, the salary will surely increase." (RS, 08 February 2017, 10:29 WIB)

The same thing is applied in benefits. When promotion takes place, benefits are not always up. However, in contrast to job position, workers must have an appointment in case of a promotion.

It has been said that in reorganization there is also demotion. Demotion is often referred to as a demotion. In this company, there are interesting things related to demotion. When a demotion occurs, the worker will not experience a decreasing in salary. Salaries will remain the same as before even if workers have bad behavior. There is a reason why workers do not experience a reduction in salary when there is a demotion, as revealed by HR Manager:

> "In the term of demotion, salary does not go down. Salary is fixed… because this is prohibited in Indonesia to reduce the salary of people. Indonesian legislation is too protective, if the workers are paid a million, they will still get a million and it will not decrease even though they show bad behavior." (RS, 08 February 2017, 10:30 WIB)

RS revealed that the reason is related to the existing regulations in Indonesia that prohibit companies to reduce the salary of workers with any reason. However, different things actually happen on the benefits and positions where both decreased when the demotion occurs.

5.5 Looking at Other Individual Factors

In this company, individual factors greatly affect the provision of compensation for workers, both local and expatriate workers. In addition to the length of service, experience, and competencies of the workers, there is another factor in determining the compensation in this company. Indeed, in general, the company more focused on the competencies of the workers to determine the compensation. However there is little difference in determining compensation for expatriate workers. The difference is seen from nationality, certification, and capability.

1. Nationality

Expatriate workers working in PaxOcean Batam Company are from several countries, but the most dominant are workers from Singapore and Malaysia, as revealed by HR Manager:

> "Here, the expatriates come from Singapore, China, Thailand, and others but mostly they are from Singapore and Malaysia." (RS, 08 February 2017, 10:40 WIB)

With the various nationalities in the company, it is very difficult to determine the proper compensation for the workers but this company still makes citizenship a factor that affects the compensation given to expatriate workers. As disclosed by HR Manager:

> "... if you ask about expatriates, it means it's the last factor or usually we called it as additional factor. It is because expatriate and local workers actually are same, so we have to treat them in the same way. The different factor for them is the civic factor ... which we must consider firstly is indeed their country. Where is their country? Is it far or near? It's also become the deciding factor." (RS, 08 February 2017, 10:33 WIB)

According to RS, the state of an expatriate worker also determines the compensation to be received. The cost of living that is different from each other makes the company have to adjust it. Indeed, JND, a senior HR officer, said that expatriate workers will not want to work overseas if they are paid a small salary. For that the company must promise the interesting compensation so that the workers want to be part of the company. Based on the results of the above interviews, RS revealed that the distance of a country is also become the deciding factor. This may be related to the forms of compensation packages to be provided.

2. Certification

In addition to citizenship, certification is also a factor for determining compensation for expatriate workers even though essentially the factors that determine compensation for expatriate workers and local workers are the same. As it is well known that the PaxOcean GTI Company assesses the workers' competencies, both local and expatriate workers, therefore, the greater the competence they have, the greater the compensation will be given especially if the competence is proved by certification. As disclosed by HR Manager:

> "Secondly is competence. Many jobs that are owned by us are given to expatriates because Indonesians cannot do. The main factor of competence is the language mastery. Negotiation skill and technology are also the part of competence factor." (RS, 08 February 2017, 10:34 WIB)

According to RS, the competence that becomes a concern is the mastery of English and technology, because the company is owned by entrepreneurs who come from abroad and have clients in some countries so workers should be able to speak English.

In addition, the company is also a company that has sophisticated technology, so that workers are required to be able to master the technology. Jobs in this company such as negotiation skills are highly respected because the project they have is inseparable from the role of negotiation skill and to be able to negotiate. While the main competencies that must be owned by workers is the mastery of English as revealed by HR Manager:

> "If in commercial, it is needed a negotiation skill, because we are talking about the tender. The workers must be good at negotiating for the company so that the company will not lose. The workers also must count everything, gather the information, compared the price from one company to others, and etc. Later, those are we add to our customer and we can deal in numbers. Then, we also work by using the sub contractor and we also have the courier. From the courier, it will coordinate to sub contractor, then, from sub contractor coordinate to worker. After that, we deal again to other sub contractor. Those process needs negotiation skill and generally, Indonesian people are bad in English." (RS, 08 February 2017, 10:44 WIB)

Based on the above interviews, one of the important jobs in the company is in commercial department in which negotiation skill is needed. This company is not the only shipyard company in Batam so this company has many rivals. To survive, the company must get a project from its client and in order that the client believes that this company can work on the desired project, the company must have a strong negotiation skill. The strength of negotiation skill is on the mastery of the English language owned by workers. Negotiation skills really need the good communication between the parties involved to understand what is desired, so the workers must be smart in English. In this matter, the HR Manager who sees the lack of local workers

in English mastery competence will prefer the negotiation process to be done by expatriate workers.

In the term of technology, the technology used in this company is sophisticated technology, therefore to ascertain whether workers can use the technology, they should be equipped with a certificate that ensures that the worker is able and knows the use of the technology. As disclosed by HR Manager:

> "Well, talking about technology means we're talking about certification. Many certifications for our job here are not available in Indonesia, for example CSWIP level 1,2,3. In level 1, there are no Indonesian people who able to use it, moreover in level 3. So, the most crucial in technology is a certification recognized by IMO (Industry Marine International) ..." (RS, 08 February 2017, 10:35 WIB)

HR Manager acknowledges that the certification used by technology-based companies does not exist in Indonesia because the company uses certifications that have been recognized by IMO. If the worker has the certification, wherever the worker works, he or she will definitely earn a high salary. In addition, the use of other technologies such as branded machines such as Roll Royce and IHI also requires certification. As revealed by HR Manager:

> "... because there are types for a particular brand which need the person who has education only from the company that makes the machine to operate the machine and run the tools. There are no colleges provide that education. For example is operating a Roll Royce machine, do you think Indonesia provide it? No. Then, operating the crane, like here we have certain cranes and if I'm not wrong the brand is IHI, is there any Indonesian people can train it? No. We have to course to IHI, so what does it mean? It means the numbers of people who competent are few. Well, if their numbers are few, their demand will be high." (RS, 08 February 2017, 10:39 WIB)

According to HR Manager, both brands (Rolls Royce and IHI) cannot be used by local workers in the company because the machine can only be used by people who study directly in the manufacture of the machine. In addition, there is a separate limitation made by the machine manufacturer associated with anyone who can master the science of the machine with the brand Roll Royce and it usually relates to citizenship. In Indonesia, there is no training center or university provides training or learning about both brands (Rolls Royce and IHI), so there is only a few Indonesians who are capable to use them and work abroad with high fees. It also applies to workers in the company PaxOxean Graha Trisaka Industri.

3. Talents

Talents are also recognized by HR Manager to have a role in the determination of wages even though the talent is basically an individual factor. The special talents employed by the worker will increase their selling value because the talent is not owned by many people in general. The talents do not found in any school including college because it is innate from birth and it can only be developed.

HR Manager confesses that all works related to the machine is not only seen from the skill, but, the talent also has an important role. As disclosed by HR Manager:

> “Yes, talking about machine means we're talking about commissioning. In the term of science of commissioning, I think maybe everyone capable to learn it but to master the skill, it also depends on talent. First, the ear's ability to hear the sound of the engine like understand to analyze the machine is damaged or not. Well, here we are talking the things a bit complicated for the determination of wages. Well, these persons can be categorized as high-tech

> people and they are definitely the expatriates with high salaries." (RS, 08 February 2017, 10:36 WIB)

Based on the results of the above interview, HR Manager stated that in this company, work related to the machine is in the field of commissioning. According to him, everyone can have knowledge in the field of commissioning but to master the skill of commissioning is only owned by some people. HR Manager also mentioned that in this company there are expatriate workers who have the talent in hearing the sound of broken machines and immediately knowing the damage to the machine. According to HR Manager, such persons are rarely found in Indonesia and the coincidence in this company that is able to do so is an expatriate worker. Therefore, workers with such talent must be paid higher even higher than manager's salary.

5.6 Summary of Research Result

PaxOcean Graha Trisaka Industri is a foreign company that operates in Indonesia which does not only employ local workers (Indonesia), but also hire expatriate workers. There are many reasons why the company keeps hiring expatriate workers even though the company has branches in Indonesia which should give Indonesian workers more opportunity. In terms of compensation, in the eyes of local workers, the company is allegedly giving different treatment to local workers and expatriate workers. However, this is considered reasonable by the company to give different payment between local and expatriates because the company has several reasons. The reasons are having connection with the things that become the consideration of

company and the approach that the company used to compensate them. The following is a table of the consideration in determining compensation:

Table 5.3:

The Consideration in Determining Compensation of PaxOcean GTI

(Summary)

No.	The Considerations	The Application To Workers	
		Local workers	Expatriate workers
1.	Principal	Salary, Competency, and Benefit	
2.	Wage structure and scale	Indonesian policy	Singapore policy
3.	Organizational needs	Task complexity Task Risk Promotion Demotion	
4.	Individual factors	Certification Talents	Nationality Certification Talents

Source: Primary Data Research (2017)

From the results of this study, the company has several considerations in determining the compensation. First, the company uses principles as their consideration in determining compensation for local workers and expatriate workers. That principle is salary, competency, and benefit where the compensation given by the company depends on the competence and the length of service of the workers. Second, the company compensation is also based on the structure and scale of wages for local workers and expatriate workers. Local workers and expatriate workers have different wage structures and scales so that the amount to be received will also differ. The company sets up wage structures and scales for local workers with existing policies in Indonesia, while for expatriate workers, the company has a wage structure

and scale based on central company policy, namely Singapore. Third, the amount of compensation given to expatriate workers and local workers is due to organizational needs, such as task complexity, risk, and promotion and demotion. Fourth, the difference in compensation occurs because of the influence of individual factors namely citizenship, especially for expatriate workers, certification owned by expatriate workers and local workers, as well as talents owned by expatriate workers and local workers.

Kasmir (2016) revealed that in determining the compensation component and the amount of compensation given to workers affected by several factors such as Education; Experience; Workload and Responsibility; Position; Level of rank / class; Work performance; and other considerations. This theory has similarity and supports the research result from researcher which is the several factors that determine the provision of compensation, such as principal (education and experience); wage structure and scale (position and level of rank/class); and also organizational needs (workload, responsibility, and work performance).

Dessler (2013) revealed that there are three approaches that employers use to setting the pay rates: job evaluation, market-based approach, and competency-based. The result of this study concludes that PaxOcean Graha Trisaka Industri is using the job evaluation approach to set the pay rates and give it to local workers because the company uses compensable factors such as principal that related to competency of workers; organizational needs and individual factors that related to the working conditions and responsibility of workers. Meanwhile just for expatriate workers,

Dowling *et.al* (2013) revealed that three approaches used in international compensation: the going rate approach, the balance sheet approach, the 'local plus' approach. This research result concludes that PaxOcean Graha Trisaka Industri uses balance sheet approach as the way in compensating the expatriate workers. It is because the compensation given to them is based on the wage and structure arranged by the headquarter which is Singapore but the structure and scale also consider with the cost of living in expatriates home-country and in host-country, so the expatriate with the same nationality will get equal compensation. In addition, this company also gives compensation include housing allowance for expatriates.

CHAPTER VI

THE GIFT FROM COMPANY TO WORKERS

6.1 Introduction

Although the company received complaints from local workers because it was considered to provide unbalanced compensation between local workers and expatriate workers but the company continued to provide compensation which the company deemed worthy. The company believes that balance, equity, or justice in compensation is not only based on one factor but there are several factors.

The difference in compensation felt by local workers against expatriate workers is often judged by the amount of compensation they receive, but does not rule out that the difference is also within the scope of the forms of compensation received by local workers and expatriate workers. This chapter will describe what forms of compensation are received by workers which will clearly contain whether there are differences in these forms of compensation. This chapter will include all the answer from informants such as HR Manager, local workers, as well as expatriate workers.

6.2 Financial Compensation

1. Basic Salary

Compensation is something that must be given by the company as a form of rewards for services that have been given to the workers. In general, the compensation component in all companies is the same; however, the compensation component must also be based on the company's ability to pay, so that one

company with the others may have different compensation components. For the PaxOcean GTI Company, basic salary is the first compensation component that must be provided by the company. As disclosed by HR Manager:

> "The first composition of wages is basic salary…" (RS, 08 February 2017, 10:17 WIB)

HR Manager mentioned that basic salary is the first component given by the company. This statement is also recognized by workers, both local and expatriate workers, although not all workers say explicitly to the researcher. When asked about the amount of basic salary received by the workers, IRD (local workers) admitted that the basic salary is not so great. As he expressed:

> "… The basic salary is not too big. For a big shipyard and offshore, the standard of basic salary is not big." (IRD, 24 February 2017, 11:19 WIB)

IRD admitted that the basic salary he received was not so great despite he has a high position. According to him, basic salary owned by large shipbuilding and offshore companies such as PaxOcean is not large. He admitted that the basic salary he got is still the minimum wage standard in Batam. From the information obtained, the minimum wage in Batam is IDR 3,241,126 (batampos, 2016). So it can be concluded that the basic salary received by IRD about 3.2 million and above because it is supported also with his position as a senior engineer, while the salary of 3.2 million is intended by workers who have the lowest position such as helper.

The lower basic salary is also expressed by MNA (local workers). MNA acknowledges that the basic salary he received is not great even if seen from his current position. As he expressed to researcher:

> "Now, the basic salary is between 4.5-5.5 million." (MNA, 24 February 2017, 13:04 WIB)

Based on the MNA recognition, the basic salary he received ranges from 4.5 to 5.5 million while the amount of the minimum wage in Batam is IDR 3,241,126, so it is not great. Moreover, MNA is a worker with a position as an engineer. Both IRD and MNA recognize that there is no specific requirement given by the company to obtain basic salary because basic salary is a compulsory and definite compensation form based on the skills and knowledge possessed by the worker.

2. Allowance

In addition to basic salary, the wage component received by the worker is allowance. HR Manager admits that all allowance received by the workers is variable which means it is not fixed. Allowance is divided into several parts, namely:

1) Transportation

Transportation is one form of allowances provided by the company to workers. This was stated by HR Manager:

> "The first form of our variable component is transportation…" (RS, 08 February 2017, 10:17 WIB)

Transport allowances are provided by the company for the purpose of supporting the work productivity of workers and to spark the spirit of workers'

presence to work. It is related to the problem of their time in work. The length of time taken by to get to the workplace can make the productivity of the company decreases, however, if the time taken by the worker to work faster, then the productivity of the company will also increase. Therefore, the company provides allowances in the form of transportation. The provision of transportation allowances is also recognized by workers, both local workers and expatriate workers. As expressed by workers:

> "…After that, we are given the meal and transport allowance by the company." (IRD, 24 February 2017, 11:22 WIB)
>
> "… There is a transport if we live outside the dorm or outside the office area…" (EAS, 26 February 2017, 10:08 WIB)
>
> "Besides salary, the company provides me competition and transport, that's all…" (SDR, 22 February 2017, 12:16 WIB)
>
> "It's (other compensation) already in allowance. It's a package." (UPC, 22 February 2017, 11:03 WIB)

Based on the interview above, both local and expatriate workers acknowledge that the company provides transportation allowances for them but apparently, it is not felt by the MNA (local workers). MNA admitted that he does not receive transportation allowance due to a matter. As he expressed to researcher:

> "I live in the dorm here, so I've got this dorm facility and no transport for me." (MNA, 24 February 2017, 13:03 WIB)

MNA claims that the reason the company did not provide transportation allowances for him because he lives in the dorm that is located not far from the company and still within the scope of the company. According to MNA, he has been facilitated residence in the form of Mess, so the company does not provide

transportation allowances. The location of the Mess is very close to the company so MNA does not need to be given transportation allowance. Even on foot, MNA can reach this company. To get these transportation allowances, there are conditions that workers must meet. If the condition is not met by the worker, then this allowance will not be provided by the company. As disclosed by HR Manager:

> "…this transport is given if the workers already working for four hours. At least they're already working four hours but if it's not four hours yet, they are not given the transportation ... the amount of transportation is still 11 thousand …" (RS, 08 February 2017, 10:21 WIB)

HR Manager explains that workers will get a transportation allowance when they have worked for 4 hours or more. The amount given is IDR 11,000 per day.

2) Meal

In addition to transportation, workers also get allowances in the form of meal. The same condition with the receipt of the transportation allowance is also a requirement for workers to get this meal allowance, i.e. workers will get meal allowances when they have worked for 4 hours or more, before reaching the condition, workers will not get it. HR Manager admitted that the number of meal allowances given by the company is IDR 14,000 per day. As disclosed by HR Manager:

> "…the amount of meal allowances is 14 thousand. It's for all levels." (RS, 08 February 2017, 10:21 WIB)

Based on the interview with the HR Manager, the amount of the allowance is IDR 14,000 per day and is given to all workers without exception and also regardless

of the level of positions. This is inversely proportional to the data on the structure and scale of the company's wages in 2016 which includes workers given a meal allowance of IDR 12,000 per day. Furthermore, the senior HR officer, JND, also mentioned that the company's meal allowance is IDR 12,000 per day, so it is certain that the meal allowance provided to the worker is IDR 12,000 per day.

3) Job Risk

Job risk is an allowance given by this company to employees who have jobs with high risk. The jobs that are considered as high risk are cleaning, gouging, welding, painting / blasting, and diving. As disclosed by HR Manager:

> "…job risk allowance is for cleaning jobs, gouging, welding, painting, blasting, and diving …" (RS, 08 February 2017, 10:19 WIB)

However, the rules for obtaining this allowance are only when the worker is doing a high-risk job. As disclosed HR Manager:

> "…Well, the amount of job risk allowance is 15 thousand per day. If he did the job in three days, it means in a month, he only got the allowances for three days. So, it's not everyday …" (RS, 08 February 2017, 10:18 WIB)

Based on the explanation from HR Manager, if the worker performs a high risk job for three days, then in a month, job risk allowance is given only three days where workers get allowance of IDR 15,000 per day, so that the worker will be given job risk IDR 45,000 if working for three days.

4) Attendance Allowance

Attendance allowance is an allowance provided by PaxOcean Graha Trisaka Industri to its workers. There are several conditions to be met by the worker to get

this allowance, i.e. within a month, the worker never arrives late, never asks for leave, never gets sick, and there is no unpaid leave. If these conditions are met by the workers, they will get the allowance which amounts to IDR 200,000. This was revealed by HR Manager:

> "Attendance allowance is 200 thousand per month for all levels. So, if in one month my presence is 100 percent which means I'm never being late, never being leave, never being sick, and never take unpaid leave, I will get 200 thousand. It's for all levels." (RS, 08 February 2017, 10:20 WIB)

It is also justified by local workers. The next wage composition given by the company to the workers is the attendance allowance. This is revealed by IRD:

> "… Then, one more, there is attendance allowance. To get this attendance allowance, the workers should be present until 100 percent and should not be late for a month."(IRD, 24 February 2017, 11:28 WIB)

The same is expressed by EAS:

> "… If we are not absent, not sick, and never being late, we got the allowances but I forget the name is…" (EAS, 26 February 2017, 10:13 WIB)

According to IRD and EAS, the company provides attendance allowances for workers on the condition that workers should always be present and never being late for a month. Hence, the IDR 200,000 allowance will be awarded to them.

5) Housing Allowance

For expatriate workers, the company also provides housing allowances to them. The allowance is a dormitory rental because the expatriate worker will stay and settle in the country where he works to facilitate the expatriate worker. HR Manager

PaxOcean Graha Trisaka Industri also acknowledges that for expatriate workers, the company provides housing allowances, such as dorm. As revealed by HR Manager:

> "Actually, the compensation components of expatriate and local workers are same, which may be different is housing, such as dorm…" (RS, 08 February 2017, 11:18 WIB)

The same statement is also expressed by senior HR officer:

> "There is no housing facility. Only for expatriate workers, we provide dorm." (JND, 10 February 2017, 19:05 WIB)

According to JND, workers are not provided with housing facilities or are meant to be private homes; however, especially for expatriate workers, the company provides dorm that is not too far away from the company.

The same statement is also recognized by expatriate workers. They claimed to be given housing allowances. As expressed by SDR and UPC:

> "They give me individual house. It's not apartment. How to say? It's one house but I'm sharing with friends, I mean my company colleagues." (SDR, 22 February 2017, 12:16 WIB)

> "Beside base salary, we have dorm..." (UPC, 22 February 2017, 11:03 WIB)

The expatriate workers claimed to be given housing allowances. According to the SDR, he was given a home occupied by many of his colleagues. Similarly, UPC claimed to get residential facilities i.e. dorm.

For local workers, MNA claims to live in a dorm that is located not far from where he works. He also said that he got the facilities in the dorm of the company. Unlike other colleagues, MNA chooses to stay in the dorm rather than buying a house of his own. This is due to several reasons, as expressed by MNA:

> “I don’t think of the house now because I still want to work in Java and live there. For me, working here is just for my beginning, for my initial experience, so until now, I don’t think of having house, but I don’t know later.” (MNA, 24 February 2017, 13:19 WIB)

MNA admitted that he still intends to find work and live in Java so he did not want to buy a house in Batam and he is still comfortable to live in the dorm which is one of the facilities provided by the company for him. However, he does not refuse if one day he will be moved out of the dorm and buy his own house.

6) Health and Home-Leave Allowance

Health allowance is also provided by the company to local and expatriate workers. Health allowance is one form of service program provided by the company to workers. This is in accordance with Article 99 paragraph 1 of Law no. 13 of 2003 on Employment which stated that "Every worker / laborer and his / her family shall have the right to obtain social security of labor" (Republik Indonesia, 2003). Social security of this workforce aims to protect and maintain social welfare for workers. There are so many programs of social security and one of them is health insurance. Regarding to health insurance, local workers and expatraite workers confess that the company provides them health insurance, however, to expatriate worker, UPC confesses that the health insurance earning is the insurance provided by the central company in Singapore and not obtained from the company where he is placed. As expressed by UPC:

> “In terms of health, we get the insurance but we are not locally got the insurance.” (UPC, 22 February 2017, 11:03 WIB)

But, inversely with the senior HR officer's statement that stated that all expatriate workers are registered to BPJS Employment and BPJS Health. As the senior HR officer discloses:

> "All expatriate workers in Indonesia are following the applicable rules in Indonesia, such as work and residence permission, then, we register them to BPJS Employment and BPJS Health and also must have Tax ID number for the income tax deduction in article 21." (JND, 10 February 2017, 19:05 WIB)

In addition to health insurance, expatriate workers are also given home-leave allowance. The Company provides this allowance as an allowance to return home. As disclosed by HR Manager:

> "…then, we provide the ticket to leave and back from their country." (RS, 08 February 2017, 11:18 WIB)

Based on interviews with HR Manager, he admitted that expatriate workers are given tickets to go to their home country and return to Indonesia. This is a form of corporate responsibility to expatriate workers because the company hired him so that the expatriate worker had to go far from his home country and leave his family.

3. Gratification

Gratification is one of the compensation components provided by the company. Gratification is a gift in a very broad sense, such as the provision of additional fees, goods, money, discounts, interest-free loan commissions, lodging facilities, travel tickets, and others. At PaxOcean Graha Trisaka Industri, gratification is a gift given by the company to workers in the form of money and this gratuity is only provided with several conditions, they are:

1) Workers Died

Workers who die due to he's working or not, will be granted by the company. As disclosed by HR Manager:

> "…For example, if workers died, in addition to get their rights in social security, we also provide compensation as much as 6 million for them. So, the 6 million is given to his wife or her husband for funeral expenses from the company." (RS, 08 February 2017, 10:21 WIB)

Based on interviews with HR Manager, the company will grant a gratuity of IDR 6,000,000 if the worker dies. The money will be given to the husband or wife of the worker. In addition to the worker's social worker, this gratuity is an additional gift for the deceased worker.

2) Childbirth

As it is known that workers who work in a company already have an attachment so that anything related to the worker is the responsibility of the company, such as the example of a family consisting of husband / wife and child of the worker.

PaxOcean Graha Trisaka Industri also grants gratuities to workers with the conditions when the wife gives birth. As disclosed by HR Manager:

> "Secondly, we will give them 300 thousand once their wife is giving birth." (RS, 08 February 2017, 10:22 WIB)

If the wife gives birth, the company will give a sum of IDR 300,000 in one fell swoop as a form of assistance.

3) Wife or Child Dies

The next gratuity will be provided by the company with the condition that the wife or child of the worker dies. When it happens, the worker will be given a gratuity of IDR 1,500,000. As disclosed by HR Manager:

> "Then, when their wife or child died, we give 1.5 million to the workers. It is called as gratification." (RS, 08 February 2017, 10:22 WIB)

The granting of this gratuity is justified by a local worker, IRD. As revealed by IRD:

> "Actually we are on the covered by BPJS, which is our BPJS money distribution is already set. The company is paying some percent and we are paying another percent. So, the company helps us through BPJS indirectly. If they help us directly, it means they give money to us face to face and say "this is money for you because your wife gives birth", but here, the fact is the company helps us indirectly..." (IRD, 24 February 2017, 11:29 WIB)

According to IRD, the company provides indirectly gratuities, while BPJS provided by the company includes gratuities in the form of assistance.

4. Rewards

Other compensation components provided by PaxOcean Graha Trisaka Industri Batam to its employees is a reward for the service period. Workers who meet the following working period will be awarded. The specified working period is for 5 years, 10 years, 15 years, and 20 years. If workers have been dedicated during these years, they will be rewarded with varying amounts. As disclosed by HR Manager:

> "Then, there is working period for 5 years, 10 years, 15 years, 20 years. If the workers fulfill this working period, we give them compensation again. If I'm

> not mistaken, it's called as the forms of reward." (RS, 08 February 2017, 10:22 WIB)

The amount given for each term is IDR 1,500,000 if the worker has a working period of 5 years. Next is IDR 2,000,000 if the worker has 10 years of service. Workers will earn money of IDR 2,500,000 if they have a working period of 15 years. IDR 3,500,000 if the worker has worked for 20 years. All awards will be given every December 26 of each year. As explained by HR Manager:

> "This is 1.5 million for 5 years of service, this is 2 million for 10 years of service, this is 2.5 million for 15 years of service, and this is 3.5 million for 20 years of service. Well, we give those compensations every December 26th. So, by the end of the year, the workers will get it." (RS, 08 February 2017, 10:22 WIB)

The award of this working period is also justified by local workers. As stated by IRD, MNA, and EAS:

> "... then, there is a reward for 5 years or 10 years, it depends on the working period." (IRD, 24 February 2017, 11:22 WIB)

> "... oh, that's for our loyalty. If I'm not wrong, it's for 5 until 10 years of working period. We got the gold coin." (MNA, 24 February 2017, 13:35 WIB)

> "... There is award that is based on a job every 5 years ... it's a pure gold. It's just like that. It looks like metal." (EAS, 26 February 2017, 10:56 WIB)

When researcher asked the informants about rewards, they confirmed that the company provides rewards based on years of work, namely every 5 years of working period. However, according to MNA and EAS, the form of reward is not in the form of money, but in the form of pure gold like metal or coin. Nevertheless, the three informants claimed to have never received it due to their recent work period.

5. Production Bonus

Production bonuses are given to workers when the company gets more profit. The amount of bonus given is not fixed because it depends on the profit earned. This was disclosed by HR Manager:

> "Well besides that, it is a bonus like production bonus. Well, this amount depends on profit but the range is 1 to 3 months of wages." (RS, 08 February 2017, 10:23 WIB)

According to HR Manager, workers will be given a production bonus when the company gets abundant profit. The range of the production bonus that will be given is one to three months of wages.

6. Religious Day Allowance (THR)

THR is a compensation component which is also provided by PaxOcean Graha Trisaka Industri to its local workers. Based on Article 1 paragraph 1 of Regulation of the Minister of Manpower of the Republic of Indonesia No. 6 Year 2016 About the Religious Days Fees for Workers in the Company, THR is the non-wage income that the employer must pay to the worker or his family ahead of Religious Days (Republik Indonesia, 2016). Therefore, the company is obliged to give THR to workers according to the religion of the workers. As revelaed by HR Manager:

> "…Then, there is religious day allowance, well, the amount is 1 month of wages ..." (RS, 08 February 2017, 10:23 WIB)

The amount of THR given by PaxOcean Graha Trisaka Industri is a month wage, it means that if the worker has been working for 12 months or more, THR is

obtained for the wages earned for one month. The same thing is also recognized by local worker, namely IRD. As IRD discloses:

> "We get THR …" (IRD, 24 February 2017, 11:22 WIB)

Other local workers such as EAS also stated the same thing:

> "Oh, we also get THR. THR is mandatory and there is a law that regulates it... so, it's according to our big day. Two weeks before the big day, it's already given…" (EAS, 26 February 2017, 10:13 WIB)

IRD and EAS confirmed that they were also given THR. EAS claims that THR is a compensation component that must be given by the company to workers, in fact, the law also has to include it so that THR is required to be given in accordance with the religious holidays of each worker. However, this THR did not apply to expatriate workers in accordance with the recognition of senior HR officer, JND, when asked about this. He stated that THR does not apply to expatriate workers.

7. Overtime

Overtime is also a component of compensation received by workers, although not explicitly explained by HR Manager. Workers claimed that the company imposed an overtime system for the workers.

> "Actually the salary here is not big. It's still in the wage standards of Batam which is called as minimum wage. However, because we are here supported by overtime, so, we just pursue the overtime. This means that if the gross income received by us is above 10 million, it means it already includes with overtime." (IRD, 24 February 2017, 11:19 WIB)

IRD revealed that the salary he received was not so big because it is only based on the wage standard for Batam. Fortunately, the company imposes an overtime system that can help workers earn more. The same is expressed by EAS:

> "I think there is an overtime system here, so, it can help us ..." (EAS, 26 February 2017, 10:09 WIB)

EAS also claims that with the overtime system, workers can be helped to earn more income. Even so, overtime can only be done with conditions that are needed by the company. As revealed by IRD:

> "... overtime depends on the needs of the project, for example there is a project and it should be completed, we automatically have the income..." (IRD, 24 February 2017, 11:28 WIB)

The same statement was expressed by MNA:

> "... overtime depends on the project. If there is the project that needs more time, we take the overtime. Sometimes, there is also additional job suddenly, so we can take overtime too, or we have the short-term projects and we want to pursue the preparation, we also can take overtime. It's in engineering department."(MNA, 24 February 2017, 13:05 WIB)

Based on the results of interviews with those informants, they admitted that overtime can be done by workers depending on the project being run. If the project takes more time to complete or the project must be completed immediately, the worker can take overtime. Furthermore, EAS also states that overtime can be done if the company has a budget. As expressed by EAS:

> "... It was in accordance with the budget. For example, we want to make a ship and the project already has a budget. The company already considered about the hours that taken by engineers to accomplish the projects. It means the company needs much money. If indeed the company does not have any

> money, for example the budget has run out, how the engineers do the projects? So, the company should look for a solution. It may take the budget from the yard, I mean from the management but not from the project ...” (EAS, 26 February 2017, 10:51 WIB)

EAS stated that running overtime is also in accordance with the company's budget. EAS believes every project that runs must have its own budget, but, according to him, if the company does not have the budget but the workers must work on a project, the company will find a way to get the budget. According to EAS, the company can take the budget from their own management.

6.3 Non-Financial Compensation

1. The opportunity to develop a career

A non-financial compensation form provided by PaxOcean Graha Trisaka Industri is an opportunity to develop careers for its workers. When asked about it, both local workers and expatriate workers recognized it, as they expressed:

> “Now, I’m getting (the opportunity to develop career). In some cases, they transfer me to here (Batam) and there (Singapore) but it’s still ok for me. I’m happy to work, so they give me some opportunity to develop myself…” (SDR, 22 February 2017, 12:05 WIB)

> “O, of course.” (IRD, 24 February 2017, 11:45 WIB)

SDR and IRD recognize that companies provide opportunities for them to develop careers. It is realized in the form of training and promotion of positions and is recognized by local workers:

> “So many training they held for us (in engineering department) but I don’t know in other departments. In engineering, six people of us are sent to school

> in Singapore. What I mean is like a course to Singapore for six months." (IRD, 24 February 2017, 11:45 WIB)
>
> "I've been in training." (MNA, 24 February 2017, 13:09 WIB)
>
> "... I was training in Singapore for six months ..." (EAS, 26 February 2017, 10:11 WIB)

Local workers recognize that the company provides training for its workers as a form of support to the potential development of workers. Although, according to them, training is not comprehensive for other workers, however, they believe that the company also provides other training to other workers according to the needs of the workers and the ability of the company. For expatriate workers, the company also provides training, but it's rarely implemented. Implementation of training for expatriate workers is only carried out for the improvement of competence, as revealed by senior HR officer:

> "... There is also training for expatriates, but mostly it's for local. We rarely give the training to expatriates except for their competence." (JND, 10 February 2017, 19:45 WIB)

JND, a senior HR officer, admitted that training provided by the company is mostly dedicated to local workers because according to the company, local workers still have inadequate capability so it must be done various training while the expatriate workers are considered to have sufficient capability so that the company will conduct training for them at certain times. Examples of training provided by companies for expatriate workers are ISO Awareness and training in Indonesian language, as revealed by senior HR officer:

> "They rarely get training but we have given training in the form of ISO Awareness and training of Indonesian language." (JND, 10 February 2017, 19:45 WIB)

Promotion of positions recognized by expatriate workers and local workers is a form of corporate support to the career development of workers, as evidenced by the promotion of positions that have been passed by local workers such as IRD and MNA. Expatriate workers such as SDR also acknowledge the promotion of the positions even though they are not explicitly disclosed, as revealed by SDR:

> "…They give some competition, so I'm happy. It's not problem for me." (SDR, 22 February 2017, 12:05 WIB)

SDR recognizes that the company supports its workers to develop themselves, it is seen from the competition among workers to achieve a high career. Such careers are usually indicated from positions occupied by the worker so that competition is the right way for the company to be able to judge who the workers deserve to be promoted to a higher position.

6.4 Summary of Research Results

Compensation is a worker's rights that must be fulfilled by the company as a form of reward for services or contributions made by workers to the company. Compensation is mandatory for the company because there are sanctions to be imposed by companies that do not compensate their workers. The form of compensation of each company is not the same, it depends on the needs and the ability of the company to provide compensation to its workers. The following is a table of compensation received by local workers and expatriate workers:

Table 6.1:

Compensation received by local workers and expatriate workers (Summary)

Types of Compensation		No.	Local Worker	No.	Expatriate Worker
Financial	Direct Compensation	1.	Basic Salary	1.	Basic Salary
	Indirect Compensation	2.	Allowance a) Transportation b) Meal c) Job Risk d) Attendance Allowance e) Health Insurance	2.	Allowance a) Transportation b) Meal c) Job Risk d) Attendance Allowance **e) Housing Allowance** f) Health Insurance **g) Home-Leave Allowance**
		3.	Gratification a) Workers Died b) Childbirth c) Wife or Child Dies	3.	Gratification a) Workers Died b) Childbirth c) Wife or Child Dies
		4.	Rewards For Service Period a) 5 years b) 10 years c) 15 years d) 20 years	4.	Rewards For Service Period a) 5 years b) 10 years c) 15 years d) 20 years
		5.	Production Bonus	5.	Production Bonus
		6.	**Religious Day Allowance (THR)**	6.	Overtime
		7.	Overtime		
Non-Financial		1.	The opportunity to develop career	1.	The opportunity to develop career

Source: Primary Research Data (2017)

Note: Black colour shows the differentiation between local and expatriate compensation.

From the table above, it can be concluded that local workers and expatriate workers have similarities in terms of compensation but in terms of compensation components, there is little difference. This difference can be seen from the more allowance forms the company gives to expatriate workers such as additional housing allowance and home-leave allowance, and the provision of THR for local worker.

Pingle & Sood (2011) disclosed that the most popular component of international compensation in the IT / ITES sector has been provided airfares, COLA and housing allowances. In a few cases where the family accompanied the expatriate, education related expenses of the children have been borne by the company. The results of previous study are not entirely the same as the results of this study. Some similarities found in the research of Pingle & Sood (2011) with this research are expatriate workers given COLA, home-leave allowance (airfares) and housing allowance. The difference lies in the sector studied, ie the previous research focus on the IT sector while this research focus on shipyard sector. Another difference is the absence of providing educational allowance for children to expatriate workers.

CHAPTER VII

AWARENESS TO GO FORWARD

7.1 Introduction

This chapter will discuss things that encourage both local workers and expatriate workers to work at PaxOcean Graha Trisaka Industri. Encouragement is indispensable for the worker as it is possible to know what goals the worker really wants to achieve. High motivation will have an impact on improving the career of the workers themselves. For the company itself, workers' motivation can affect the productivity of the company. If workers have low motivation, then the performance shown by workers is also low so that the productivity of the company will also decrease. Conversely, if workers have high motivation, the performance shown will be good and increase so that the productivity of the company will also increase.

Worker's motivation will not always be the same because each worker has his or her own view of what is considered most likely to encourage them to work in a company. This also happened to the workers at PaxOcean Graha Trisaka Industri. Therefore, companies need to know what things are driving them to work in the company.

7.2 Looking for Experience

In the world of work, experience is one of the measuring tools for companies to seize the competent workers to fill the vacancy in a particular field of work in the company. If the worker has a lot of work experience, the company will judge that the skills and knowledge the workers possess very well. In addition, for the workers themselves, experience is a learning process that can enrich knowledge and deepen expertise. It also applies to IRD, one of the local workers at PaxOcean Graha Trisaka Industri. For him, seeking experience is his motivation to work in this company. As revealed by IRD:

> "It's because of the project. The first time I want to join, there is information that this shipyard will build a large ship. The ship that will be made is the first type of ship in Batam, so I'm interested. Okay, I want to join in that company. I want to find the experience there." (IRD, 24 February 2017, 11:18 WIB)

The meaning of looking for experience by IRD is looking for the experience in working on large projects in this company. Ahmad Dahlan, the mayor of Batam, revealed that Batam is the largest shipyard area in Indonesia, following Surabaya (Rusdianto, 2012). Therefore, many companies from domestic and abroad are buying ships made in Batam so the shipyard company in Batam received many projects, especially PaxOcean Graha Trisaka Industri Batam Company. Before being renamed as PaxOcean, the company was known as Drydocks World. Many projects were received by Drydocks World at that time, one of them was the Semi-Marine ship which was the first and only type of ship in the world (Rusdianto, 2012). IRD revealed that the project owned by this company was very promising, so he wanted to

join the company. The project is a project to build a large ship and is the first type of vessel in the world to be built in Batam so that he is interested and decided to leave his old job as a consultant and then move on to a new job as an engineer in this company. For him, from the project, he will get a new learning and also experience so his orientation to work in the company is purely to learn from the big project that will be made.

In addition to IRD, another local worker, MNA, explicitly says that the motivation to work in this company is to seek experience. This is because before working in this company, MNA is an alumni student from one of Indonesia's top universities, as revealed by MNA:

> "At that time, the company held recruitment to my college and I tried to apply, then I was accepted. So, this is my first place to work." (MNA, 24 February 2017, 13:02 WIB)

This statement is supported by EAS's statement:

> "…so, initially they (Drydocks) opened recruitment to colleges, I got the information from my friend…" (EAS, 26 February 2017, 10:02 WIB)

MNA and EAS claim that in 2014, PT. Drydocks World Graha Batam (now PaxOcean Graha Trisaka Industri) performed recruitment at several universities. One of them is the university where those workers have studied. As a graduate who is looking for work and experience, this opportunity is not wasted by MNA so that from the knowledge he has learned during college, he wants to implement his knowledge to create an experience for him in the world of work. He tried to apply for a job at and being accepted by this company.

7.3 Good Corporate Condition

In addition to looking for experience, a good reputation owned by the company which formerly named as PT. Drydocks World Graha Batam is also a consideration for MNA to work here. Much information came before MNA decided to accept being a worker in this company, one of them concerning the condition of the company. As expressed by MNA:

> "… The name was Drydocks at that time and it was famous. The first time I applied a job, there was a lot of information about Drydocks. So, I coincidentally accepted by the company and I didn't leave it." (MNA, 24 February 2017, 13:02 WIB)

MNA confessed before deciding to join this company, much information about Drydocks World Graha Batam, such as a great company in making modern rigs and offshore construction equipped with sophisticated technology so that many companies in the world become its clients. The facilities provided by Drydocks for workers are excellent and promising so it becomes a pride if MNA can be part of the company, furthermore the company's environment makes him feel comfortable to work so that he is interested in working in this company. Because of the above information, when accepted, he immediately joined the company even though initially did not want to work outside Java. As expressed by MNA:

> "…It is because I still want to work and live in Java. Here is just for my beginning and initial experience…" (MNA, 24 February 2017, 13:19 WIB)

However, MNA is also grateful to be part of the company and make it as part of his working experience.

7.4 The Support from Superiors and Responsibilities

The social environment greatly affects every behavior shown by a person in the work. Social environment in this case is the existence of relationship between superiors and subordinates or between fellow workers. Good relationships between superiors and subordinates and good relationship between fellow workers can spark workers' zeal for work and creativity while poor relationships can trigger conflict. A good relationship between superiors and subordinates becomes the motivation for SDR to work in this company, as he expressed to researcher:

> "They give me responsibility and the Chairman shows good approach. So, I got some self commitment of work. It is like the Chairman gives me some encouragement and gives some responsibility to work, so I'm happy to work here." (SDR, 22 February 2017, 12:04 WIB)

SDR admits that he and his boss have a good relationship. This is demonstrated in the approach made by the boss in the form of support to do every job because as an expatriate worker working in a country that is not his home country is very difficult to work and adapt to his working environment. However, the support made by the boss, make him have a passion for working in this company. Besides, the responsibilities given by the boss to him also motivated him. Indeed, every worker must have responsibility for the duty that has been charged to him. Responsibility is given to the worker to have awareness of the task to be completed and to contribute maximally to the task. The existence of responsibility, indirectly, means the company believes that the worker can do it so the worker feels of having commitment to

himself to do his best to not disappoint the boss. This is what SDR realizes and makes him driven to work in this company.

7.5 Actualizing the Company's Goals

Motivation cannot be separated from a goal. A person has a goal to be achieved so that motivation is needed for the goal can be achieved. But the "goal" itself can also be a motivating factor for someone to do a job. This is what happens to UPC. He thinks this company has a good purpose, which can make him motivated. As he expressed:

> "Actually they make sense of good material goals. It means you have to keep on going then you keep on trying unique things. I don't know the reason to work in this company but it's one of my encouragement become the employee of this company." (UPC, 22 February 2017, 11:02 WIB)

UPC admitted that he didn't know the exact reason why he was driven to work in this company but he thinks this company has a good goal. The goal of PaxOcean is to be the preferred alliance partner to worldwide clients in the marine and offshore business. That goal raises UPC's desire to move forward, continuing to try to do something unique, different, that can make the company achieves its goals. This is what makes UPC being motivated to keep working in this company.

7.6 Summary of Research Result

Work motivation is a reason that encourages workers to work in a company. Every worker must have an objective within him that has compelled him to work in the company, especially the workers at PaxOcean Graha Trisaka Industri, both local

and expatriate workers.The motivation of the workers varies depending on wishes of each individual. The following is a table of work motivation of the workers both local and expatriates:

Table 7.1:

Work Motivation of Workers at PaxOcean Graha Trisaka Industry Batam (Summary)

Informants		Worker's Motivation				
		Looking for Experience	Good Corporate Condition	Support from Superior	Responsibility	Actualizing the Company's Goal
Local Workers	IRD	√				
	MNA	√	√			
Expatriate Workers	SDR			√	√	
	UPC					√

Source: Primary Data Research (2017)

From the results of this study, the prominent motivation that local workers have is internal motivation to seek experience that is visible from the motivation of IRD and MNA. In addition, external factor such as good corporate conditions is also a motivation for local worker such as MNA to work in this company. For expatriate workers themselves, their motivation is also dominated in the term of internal motivation such as feelings of responsibility and willingness to actualize the company's goals, which can be seen from SDR and UPC motivation. However, external motivator such as getting support from superiors is also found in the expatriate motivation.

The research results from Oyedele (2010) showed that there are four critical factors that influence the motivation level of architect/design engineer, i.e. *favorable*

project working condition (organization's equity in management of all employees; adequate freedom and tolerance in completing project work; and project provides challenging atmosphere), *organizational support* (satisfactory organizational commitment to employees' career development; recognition of individual contributions and efforts; open interaction between superiors and subordinates; satisfactory organizational concern about employees' safety and welfare; and appropriate evaluation and feedback mechanisms on project), *design process efficacy* (harmonious working relationship within design team and co-workers; minimal design changes or variation; compatibility of design decisions with project objectives and good communication within design team; effective organizational structure for project tasks; and realistic project goals and expectations from client), and *effort recognition* (project efforts/contributions leads to employee's retention and firm survival; and appropriate incentives and rewards for project efforts/contributions).

The research results from Oyedele (2010) have similarity with the results of the research that has been done, namely working condition (good corporate conditions) and organizational support (support from the superior).

The result research from Yang (2011) mentioned that good payment was the most important motivation factor for employee compared to promotion, desirable work environment, good welfare package, good bonus system, good company policy, good interpersonal relationships, good supervisors, job security, the opportunity to use the ability, a sense of challenge and achievement, positive recognition, autonomy, self-actualization and interesting job. The same research result from Zivkovic (2013)

also stated that salary was in the first place in the term of work stimulation compared to job security, occupational safety, interpersonal relations, personal needs, work structure and participation in decision making. Those previous studies have different result with this study. This study indicated that salary is not a major impetus for those informants to work in this company.

CHAPTER VIII

EXCELLENCE IN EVERY THOUGHTS AND WORKS

8.1 Introduction

As a worker, the achievements that have been achieved become a pride because the achievement is the result of hard working that has been shown by the worker. The pride is not only felt by the worker, but the company is also proud of the achievements of its workers. Achievements achieved by workers will impact on the development of working career in the future. In addition, work performance possessed by workers can also affect the amount of compensation provided by the company. Therefore, workers are required to display better work performance so that both workers and company can achieve what they both want because in fact both workers and company need each other. This chapter will describe the work or job performance of local workers and expatriate workers.

8.2 Relatively Rapid Promotion

Position is one factor that causes a worker to strive to provide good performance. Getting a high position in the company is a concern for every worker because of many benefits that can be earned when having high positions, such as compensation and power. The higher the position of a worker, the higher the compensation he will receive and the greater the power he has.

For local workers such as IRD, this promotion is one of his greatest achievements, as he expressed:

> "... In the beginning, I came here as a regular engineer. I was working so hard at that time. After two years became a regular engineer, I immediately became a senior engineer. It means I do not assess myself. If assess myself, I will say myself is ok because some of the other friends are still as engineer and assistant engineer although they already work a dozen years ..." (IRD, 24 February 2017, 11:21 WIB)

IRD admitted now that after two years working in this company, his position has been as a senior engineer. If calculated to date, IRD has worked for four years in this company so that the first two years of his position as an engineer and two years later rose to become senior engineer. This is a short time considering there are still many colleagues who have worked longer than him, but have no promotion. In the sense that IRD has good quality in terms of skill and knowledge in working so that he gets his current position. The interesting thing about IRD is that he is the only senior engineer in the engineering department. This is supported by a senior HR officer's statement:

> "For the department of engineering, he (IRD) is the only senior engineer." (JND, 10 February 2017, 20:00 WIB)

As discussed in the previous chapter, the motivation of IRD is to seek experience in its new job. This is evidenced in his work performance which currently has become the only senior engineer in the company, especially in department engineering.

8.3 Faster in Doing Work Compared to Others

In addition to the promotion, the achievement made by IRD is to do the job quickly than others because he is supported by a company program that is very concerned about training for its workers. IRD is one of the workers who get the opportunity, as revealed by IRD:

> "... I went to Singapore for having the course for six months. We were learning about software and later we apply the science to Batam. Then, there was also safety course ..." (IRD, 24 February 2017, 11:45 WIB)

The company provides training for its workers in the engineering, i.e. indirectly, the company provides an opportunity for workers to deepen their skills and knowledge through training in the use of software that is very useful to complete their work because the task of an engineer cannot be separated from processing drawing so that more sophisticated software is needed to facilitate the completion of the work. The interesting thing about IRD is that in the training only he is given three software trainings at once, as he expressed:

> "... My other friends were given a Software to be learned, but me, I got three Software at once…" (IRD, 24 February 2017, 11:46 WIB)

According to him, workers who participated in the training were given only one software while the company gave him three software in one training. It makes him more capable of completing tasks quickly and can perform.

This software training is not only felt by IRD, other local workers like MNA also feel the same. According to him, there is a change in performance after the training, as he expressed:

> "Yes, there is. One side, it's like we work by using the software so the training is useful. It's also improving our experience." (MNA, 24 February 2017, 13:10 WIB)

Related to achievements, this software is recognized to be one of the achievements for MNA. This achievement can be seen from the output of this software, as expressed by MNA:

> "So, this software is also become my achievement because the output of this software is we can directly draw the field. The name of the software is soft drawing, so we do not need to make it hard and take a long time. By using this software, we input all sorts of data and we make it, then, we can produce those outputs, so it's faster. The important thing is that not everyone can do the same here." (MNA, 24 February 2017, 13:12 WIB)

According to MNA, the software training he received is very useful to support his performance. As a worker with a job as an engineer, the job assigned to MNA is to provide an image for the production department. Therefore, in providing images, he needs sophisticated software to work quickly and does not require a long time to complete. MNA feel happy and proud to get the opportunity because not everyone can use the software.

IRD and MNA both recognize that not all workers are given this kind of training and only those people who have a rapid development so that for them this training is very profitable. As they expressed:

> "Yes, of course. It is the selected people." (IRD, 24 February, 2017, 11:46 WIB)

> "It's only those three. Others are not yet given the training but they know about it. In this company, in piping and electrical department, there is one

> person who able to use the Software because those departments also use the Software to do the job." (MNA, 24 February 2017, 13:13 WIB)

According to MNA, for department engineering, only a few people can, including himself and IRD. However, the thing that makes him proud is to be in his division, the construction division, only himself who can. Therefore, being able to use the software is an achievement for him.

8.4 Achievements Come from a Project

Worker achievement can be seen from how much work he has done in the target time set. This is in line with aspects to measure employee performance proposed by Sutrisno (2016), one of which is the work, namely the level of quantity and quality that has been generated and the extent to which supervision is undertaken. Achievements achieved by MNA are not only the ability of speed in completing a job than other colleagues, but also from the number of projects that he worked on within a predetermined time. As expressed by MNA:

> "There used to be a project that was a short time project for six months. It needed six months to complete and yes we can. Then, there was the experience to work on building a rig because at that time I still got it, Alhamdulillah. It is also my work achievement."(MNA, 24 February 2017, 13:12 WIB)

MNA claims to have contributed in many jobs such as work that only takes six months and also work on building a rig. All the work is done within the time frame that has been determined so that it also becomes an achievement for him. In addition to MNA, other local workers such as IRD also mention that achievement is

something that cannot be avoided from a project that has been done by the workers, as he expressed:

> "All the projects that I hold become my achievement because all (projects) finished on time and no complaints from other parties…" (IRD, 24 February 2017, 11:30 WIB)

According to IRD, when getting a project and being able to complete it on time then no defects at all from the resulting project is an achievement because the achievement should be built on the satisfaction of all parties, both the workers, the company, and the customers. Talking of the project, IRD admits there are many projects that he follows, as he discloses:

> "If the new building projects, there are 6 ships. If the repair project, I cannot count anymore." (IRD, 24 February 2017, 11:30 WIB)

IRD admitted that there are two types of work held by him, namely new building and repair project. In conducting new building, there are already six ships that he successfully completed while for the repair project, IRD claimed to be unable to calculate the amount because according to him, repair project is the work that most followed by him.

In addition to MNA and IRD, expatriate worker such as SDR also have achievements that cannot be separated from the number of projects that he did, as revealed by the SDR:

> "I have a lot of process. In the beginning, I've done GLG (the project name) process, like convention effectively, and there is one more project namely auto marine. Besides, there is ten e-house and we're doing in combo. That's all project that I involve. I've completed them effectively and work handling. I'm happy for that." (SDR, 22 February 2017)

SDR claims to have contributed in several jobs with a total of four projects and SDR able to solve them effectively. This implies that indirectly, SDR has a high level of initiative in overcoming job problems. The same achievement is also found in other expatriate workers such as UPC. The achievements of UPC also contribute to the contribution and completion of existing projects, as revealed by the UPC:

> "… We have to contribute to the project and we have to complete it. The reason for not complete it is related to self-leader performance discretion that you get is the wrong service. So, for me, it should be the self-leader performance first." (UPC, 22 February, 2017, 11:03 WIB)

UPC acknowledges that he is always involved in project work and so far the project can be completed properly. According to the UPC, there is no reason for workers not to complete the project unless the worker has the wrong decision to lead himself. According to him, workers must be aware that work means there is something to be done, namely the duties and responsibilities that have been given by superiors. That's what UPC realizes as a worker. UPC realizes that he has the tasks and responsibilities to be solved maximally because of the completion of the task will be judged his ability to work and will be an achievement if he can do well.

8.5 Summary of Research Result

Work achievement (performance) is a result of work that someone has achieved from his work behavior in carrying out work activities (Sutrisno, 2016). Working achievements achieved by workers vary depending on the way workers perceive whether or not their achievements include work performance. Job performance is generally assessed by superiors as a review of what has been generated by workers in

accordance with the goals to be achieved by the company. From the results of this study, work achievement achieved by local workers and expatriate workers are equally good. It can be seen from the amount of projects have finished successfully by the workers and the capability of the workers have to do the job. IRD (local worker) has been followed and completed six projects while MNA (local worker) completed two projects. SDR (expatriate worker) completed four projects while UPC (expatriate worker) didn't described clearly about the projects that he followed and completed. From the capability of workers, all of the workers have good capability too. The capability that IRD has, made him get promotion faster than other workers who are in the positions that IRD occupied earlier. In addition, due to his ability, IRD is also given a six month training course in Singapore along with MNA. While expatriate worker such as SDR has the ability to handle jobs, so, much of the work is handled produce good results. For UPC, having a great initiative to perform all the tasks and responsibilities given is one of the benchmarks for him to perform.

Table 8.1:

Local and Expatriate Workers' Performance and Achievement in PaxOcean GTI (Summary)

No.	Workers	Job Dimension	Worker's Competencies	Benefit They Get
1.	IRD (Local Workers)	6 projects	1) Hard working 2) Faster in accepting new learning.	1) Getting promotion rapidly 2) Getting training to develop skill, knowledge, and speed up performance.

2.	MNA (Local Workers)	2 projects	1) Obedient 2) Thorough in doing the job.	Getting training to develop skill, knowledge, and speed up performance.
3.	SDR (Expatriate Workers)	4 projects	1) Having big initiatives 2) Good at work handling	Given the trust to handle a project.
4.	UPC (Expatriate Workers)	unknown	Having big initiatives	Given the trust to contribute in a project.

Source: Primary Research (2017)

Dessler (2015) revealed that there are three bases used by managers to determine employee's goal and performance standards: company goals, job dimension (quality and quantity), and employees' competencies (skill, knowledge, and/or personal behavior). In accordance with the theory of Dessler (2015), work achievements achieved by local workers and expatriate workers in PaxOcean Graha Trisaka Industri are also visible from job dimension i.e. quantity and competence of workers such as skill, knowledge and also personal behavior shown by workers.

Sutrisno (2016) also revealed there are six aspects to measure work performance of a worker: work output, knowledge, initiative, mental dexterity, behavior, discipline of time and attendance. In accordance with the theory of Sutrisno (2016), work performance achieved by local workers and expatriate workers is seen from work output, knowledge, initiative and mental dexterity.

From the work performance shown by local and expatriate workers, they get benefits from companies such as getting promotion in a relatively fast period and

getting six months training in Singapore for local workers that make them able to do the job quickly compared to other local workers, while for expatriate workers, they gain the trust of the company to be able to handle directly a project and always involved in the project. The research result from Raza *et.al* (2017) found that the high performance of employees in is influenced by compensation and benefit and workplace communication. The research result from Syahreza *et.al* (2017) also found that performance of employees influenced by the organizational policy in the term of providing adequate compensation. It has been shown by local and expatriate workers that the benefits they receive are one of the compensation forms and it can create better performance for them.

CHAPTER IX

LOCAL AND EXPATRIATE WORKERS: SIMILAR BUT NOT THE SAME

9.1 Introduction

PaxOcean Graha Trisaka Industri is a company engaged in the field of shipping. Company data in 2016 showed that the company has 1,014 local workers and 81 expatriate workers. Previously, the company was known as Drydocks World GrahaBatam where this company is one of the companies in Batam which has a good performance. Good facilities, relationships with workers, organizational culture makes this company be very famous in its day. The welfare of workers is guaranteed by this company.

The great conflicts in 2010 caused by the behavior of expatriate workers and the provision of compensation that is more focused on expatriate workers in fact does not affect the work motivation of Indonesians and foreigners to work in this company. Although news of the conflict has been widespread, local workers and expatriate workers are remain motivated to work in this company. Although the conflict has long been happening, it does not rule out the same thing, especially the different compensation issues between expatriate workers and local workers that are still happening. It is because in fact, many factors influence the difference.

This chapter provides further discussion of the preceding chapters. Therefore, in this chapter will discuss on the reasons of employers employ expatriate workers,

ways in determining the compensation for local workers and expatriate workers, compensation received by local workers and expatriate workers, employment motivation owned by local workers and expatriate workers, as well as work performance they have achieved during their work at PaxOcean Graha Trisaka Industri Batam.

9.2 The Reason of Hiring Expatriate Workers Because ofthe Centralized Management, Transfer of Science, Communication Needs, and Discipline Personality

PaxOcean GTI Batam is a subsidiary of multinational corporation, PaxOcean which is engaged in shipyard. Based on data taken directly from this company, PaxOcean GTI Batam employs 1,014 local workers and 81 expatriate workers. Hiring as many local workers should be enough for the company to manage and operate its subsidiaries. However, the company is in fact still employing expatriate workers for several reasons. Here is why PaxOcean Graha Trisaka Batam Industri Company employs expatriate workers in the company.

Table 9.1:

The Reasons of PaxOceanGraha Trisaka Industri Employ the Expatriate Workers

No.	GTI's Reason of employing expatriates	Theory and Previous Research	Similar to / Different to

Continued from previous page…

1.	Centralized Management	1. Dowling *et.al* (2013) 2. Kuhlmann&Hutchings (2010)	1.1There are four approaches in managing and staffing subsidiaries, namely ethnocentric, polycentric, geocentric, and regiocentric. 1.2 There are three reasons to international assignment, namely position filling, management development, and organizational development. 2.1 Expatriates can be a powerful means to transfer technical expertise and management know-how to foreign ventures. 2.2 Expatriates represent the interests of headquarters	**Similar to:** Dowling *et.al* (2013)
2.	Transfer Knowledge			**Similar to:** 1. Dowling *et.al* (2013) 2. Kuhlmann& Hutchings (2010)
3.	Communication Needs			**Similar to**Kuhlmann& Hutchings (2010)
4.	Discipline personality			-

			and may improve communication between headquarters and subsidiaries and assist headquarters' staffto understand the local business environment. 2.3 There is a growing recognition that employees with international expertise domake a difference in contributing to achievement of competitive advantage in theinternational business environment.	

Source: Primary Data Research (2017)

The use of expatriates in multinational companies is not new. The use of these expatriates are considered very important for multinational companies because the company has a goal to be achieved globally so the company flocked to assign staff to

the subsidiaries in different countries. Perlmutter (1996) in Dowling *et.al* (2013) explained that there are four approaches used by multinational corporations in managing and staffing their subsidiaries.It can also be the main reason a company employs a foreign workforce. The four approaches are ethnocentric, polycentric, geocentric and regiocentric. In line with the theory, in managing and staffing its company, PaxOcean GTI adheres to the ethnocentric approach.This is evident from the intervention of headquarters in decision-making, control, and coordination. Due to the intervention, expatriates from headquarter were assigned to the PaxOcean GTI and the majority held key positions in the company.Local workers are deemed incapable, unqualified, and inexperienced to undertake some existing work. Many jobs are included in high-tech jobs that require people who have very high ability to do so.Expatriates are considered experienced to do the work so they are expected to transfer and share knowledge to local workers. This is also the reason for employing expatriate workers in PaxOcean GTI. In addition, it is well known that headquarter has interventions in terms of control and coordination of subsidiaries to ensure that subsidiaries support the desired goals of headquarter. Control and coordination will not run smoothly if not balanced with good communication. To create it, headquarter needs help from expatriates in terms of communication that is primarily constrained in language problems.PaxOcean GTI is a company that requires its workers (local and expatriate) to be able to speak English. Even so, the ability of local workers in English is still considered very minimal compared to expatriates and will result in miscommunication between headquarter and its subsidiaries if they do not understand

what headquarter wants.With the expatriate in the subsidiary will help and facilitate the central company in understanding the local business environment. PaxOcean GTI also requires expatriates to set an example to local workers about discipline in work. Expatriates always show a disciplined attitude in work and are also considered more responsible than local workers. Local workers are considered too easy to be lazy workers especially when given the trust to become a permanent worker in the company.

Kuhlmann & Hutchings (2010) revealed that expatriates can be a powerful means to transfer technical expertise and management know-how to foreign ventures. In line with the results of the research, PaxOcean GTI employs expatriates to transfer knowledge and expertise to local workers. With the presence of expatriates, local workers are expected to gain new knowledge and new skills related to work that can improve their performance so that local workers and expatriate workers both have capabilities that can advance the company.

Awang *et.al* (2013) suggested that knowledge transfer generates advantages for foreign MNCs and the local professional workforce. However, knowledge-based outputs among the local professional workforce are still in their infancy.In line with the results of this study, this study found that the transfer of knowledge that has been done by expatriate workers in PaxOcean GTI indeed provides benefits for local workers in the form of new skills and knowledge but the expertise and knowledge of local workers have not reached a more professional stage because expatriate workers only provide skills and knowledge about what the local worker wants to know.

Boyacigiller (1990) and Nohria & Ghosal (1994) in Kuhlmann& Hutchings (2010) revealed that expatriates represent the interests of headquarters and may improve communication between headquarters and subsidiaries and assist headquarters' staff to understand the local business environment. In line with the theory, PaxOcean GTI uses expatriates for the purpose of communication needs. This communication is closely related to the language used to establish understanding between one another. PaxOcean GTI requires its workers to speak English but does not rule out if the workers should also be able to speak Chinese because the culture adopted by the company PaxOcean GTI is the culture of Singapore, in accordance with the headquarter. However, local workers are considered not able to speak English and Chinese while expatriates are considered very good at speaking English. Therefore, expatriates are employed in order to facilitate communication between the headquarter and its subsidiaries in Batam in controlling and coordinating the situation of the subsidiary in Batam and also the condition of Batam so as to decide the next step that will be taken to develop its business.

Dowling *et.al* (2013) revealed that there are three reasons to international assignment, namely position filling, management development, and organizational development. The results of this study have similarities with the theory, namelyorganizational development where the transfer of technology, communication needs and discipline personality are needed by the company in order to develop the organization. Dowling *et.al* (2013) also revealed that there are several types of international assignments generally seen from the duration of the expatriate

assignment, i.e. short-term, extended, and long-term. In line with the theory, PaxOcean GTI Batam uses long-term type or which is usually referred to as traditional expatriate assignment. PaxOcean GTI employs expatriates for four until five years with the aim of developing organizations proven in transferring knowledge and competence, particularly in technology.

9.3 The Ways in Determining Compensation Are Job Evaluation for Locals and Market-Based for Expatriates

Compensation is the reward given by the company to its employees for services that have been provided by workers to the company. Compensation cannot be given free of charge but there must be some things that need to be considered by the company in order to create justice for workers with each other. There are four things that PaxOcean GTI considers in determining the amount of compensation given to local workers and expatriate workers. The table below is what the PaxOcean GTI takes into consideration in determining compensation for its workers.

Table 9.2:

The Consideration in Determining Compensation of PaxOcean GTI

No.	The Considerations	The Application To Workers	
		Local workers	Expatriate workers
1.	Principal	Salary, Competency, and Benefit	
2.	Wage structure and scale	Indonesian policy	Singapore policy
3.	Organizational needs	Task complexity Task Risk Promotion Demotion	
4.	Individual factors	Certification Talents	Nationality Certification

			Talents

Source: Primary Data Research (2017)

Dessler (2013) revealed that there are three approaches made by companies in determining compensation, i.e. job evaluation, market-based, and competency-based.In line with the theory, the results of this study show that in determining compensation for local workers, the PaxOcean GTI Company takes a job evaluation approach, and for expatriate workers, it takes a market-based approach. Dessler (2013) explained that the job evaluation approach is an approach in which the company compares jobs to determine the worth of one job relative to another with the aim to determine a job's relative worth. Similar with the theory, the results of this study found that PaxOcean GTI Company put forward the value of a position in compensation, especially for local workers. Each of these positions will be judged on which position has the most important contribution to the company and which position has less important contribution to the company.

Kasmir (2016) explained that the amount of compensation given by the company to workers is influenced by compensation factors, namely education, experience, workload and responsibility, position, level of rank / class, work performance and other considerations. Similar with the theory, the results of this study found that every means used by the PaxOcean GTI Company has elements that are related to each other.*The result of the first finding* is using the principles of salary, competence, and benefit. The elements that make up the principle are skill, knowledge / education, experience and years of service. The greater the skill, knowledge, experience and

length of work a worker has, the compensation he receives will be large while the smaller the skill, knowledge, experience and length of work a worker has, the less compensation the worker will receive.*The result of second finding* is looking at the structure and scale of wages. The elements that make up the structure and scale of wages are class, working period, and rank of position. However, to determine the class and rank of positions in PaxOcean GTI also has an association to the elements that shape the previous way.*The result of the third finding* is looking at organizational needs and elements that make it up are the workloads and responsibilities. Every organization needs an eligible worker to occupy an office and the same thing is felt by PaxOcean GTI. Every position in PaxOcean GTI has different responsibilities and duties and it will also affect the compensation earned by workers.The heavier the tasks and responsibilities charged to the workers, the greater the compensation will be.*The last result of finding* is looking at the individual factors and the elements that make up the skill, knowledge, and experience. For PaxOcean GTI, compensation for local workers will be seen also through certification and talent. Certification indicates that the worker has been tested to have good skills, knowledge and experience to be recognized by any institution, while the talent can be seen by showing the skills and knowledge that local workers have. So if the local worker has a certification that can be recognized by all institutions and has unique talents, then the compensation they receive will be greater.

As described above, PaxOcean GTI takes a market-based approach in determining the amount of compensation for expatriate workers. Dessler (2013)

explained that market-based is a method by which companies survey how much the average compensation given by other companies for the same job and compares it with their own company. The results of this study found that the main thing that distinguishes the compensation between expatriate workers and local workers in PaxOcean GTI is in terms of wage structure and scale, and individual factors.In terms of the structure and scale of wages for local workers compiled by HR that are in Indonesia and refers to the existing policy in Indonesia while for expatriate workers prepared by the HRD located in Singapore and have provisions at their discretion.In terms of individual factors, for expatriate workers, PaxOcean GTI looks at the nationality of each expatriate worker. Dowling *et.al* (2013) explained that there are three approaches in international compensation, namely going-rate, balance-sheet, and local 'plus' approach.In line with this theory, PaxOcean uses a balance sheet approach as a way of determining and compensating expatriate workers. Different nationalities of expatriate workers forced the company to adjust compensation to the cost of living for expatriate workers in their home countries so that they get a decent life when they return to their home countries as well as decent living in a country where they are assigned. This causes every expatriate worker to get different compensation but get the same compensation if they have the same nationality. Therefore, the structure and scale of their wages are only compiled by HRD located in Singapore (as head office) but not based on wage standards in Singapore. So PaxOcean must survey other foreign companies to ascertain whether the compensation received by expatriate workers with the same position and nationality

in this company is in accordance with the compensation in the market in order for the compensation to be competitive.

9.4 Compensation Given to Local Workers and Expatriate Workers Is Not Much Different

Compensation is something that workers really need. The ever-increasing level of living needs to make workers work extra to meet the needs of their lives and families. To meet these needs, workers need money. Therefore, the company is obliged to compensate its employees in return for remuneration because the employee has helped the company to run its business. In addition, the provision of compensation also helps the workers to meet the needs of life that continues to increase. Here is the compensation given by the company PaxOceanGrahaTrisakaIndustri to local workers and expatriate workers.**(The table will be shown in the next page)**

Table 9.3:

Compensation received by local workers and expatriate workers

Types of Compensation		No.	Local Worker	No.	Expatriate Worker
Financial	Direct Compensation	1.	Basic Salary	1.	Basic Salary
	Indirect Compensation	2.	Allowance a) Transportation b) Meal c) Job Risk d) Attendance Allowance e) Health Insurance	2.	Allowance a) Transportation b) Meal c) Job Risk d) Attendance Allowance **e) Housing Allowance** f) Health Insurance **g) Home-Leave Allowance**
		3.	Gratification a) Workers Died b) Childbirth c) Wife or Child Dies	3.	Gratification a) Workers Died b) Childbirth c) Wife or Child Dies
		4.	Rewards For Service Period a) 5 years b) 10 years c) 15 years d) 20 years	4.	Rewards For Service Period a) 5 years b) 10 years c) 15 years d) 20 years
		5.	Production Bonus	5.	Production Bonus
		6.	**Religious Day Allowance (THR)**	6.	Overtime
		7.	Overtime		
Non-Financial		1.	The opportunity to develop career	1.	The opportunity to develop career

Source: Primary Data Research (2017)

Note: Black color shows the differentiation between local and expatriate compensation.

Milkovich& Newman (2002) mentioned that the total compensation is divided into direct compensation and indirect compensation. Mondy (2010) states that compensation consists of direct financial compensation, indirect financial compensation, and non-financial compensation.In line with both theories, this study found that compensation owned by PaxOcean GTI is divided into financial and non-financial compensation. Financial compensation is differentiated into direct financial compensation and indirect financial compensation.

Milkovich & Newman (2002) and Mondy (2010) mentioned that direct financial compensation includes base wage / salaries, merit pay / cost of living, commissions, incentives, and bonuses, while indirect financial compensation includes everything that is not included financial compensation, namely benefits and services such as protection programs, time away from work, and service and allowances. Almost the same as the theory, the results of this study found that direct financial compensation given PaxOcean GTI to workers, both local workers and expatriate workers, is just a base wage. While indirect compensation given by PaxOcean GTI to its workers, both local and expatriate workers, is the allowances, gratification, rewards for service period, bonus production, and overtime. In the results of this study also found indirect financial compensation differences between local workers and expatriate workers. Local workers also receive indirect compensation in the form of THR (Religious Day Allowance) in which the provision is adjusted to the religion that has been followed by each local worker, while the expatriate worker does not get the compensation. However, expatriate workers also receive additional compensation in the form of

housing allowance and home-leave allowance which are both included into the allowance component.

Dowling *et.al* (2013) stated that the compensation component received by expatriate workers is base salary, foreign service inducement and hardship premium, allowances (COLA, housing allowance, home-leave allowance, education allowance, relocation allowance, and spouse assistance), and benefit (health care, pension plans/social security, life insurance, child allowances and profit sharing/stock option plans). Almost the same as the theory, the results of this study found that the compensation provided by PaxOcean GTI to expatriate workers in the form of base salary, allowance, and benefits.Allowance given is the housing allowance in the form of dorm and home-leave allowance while the benefits provided are health care and social security that is incorporated into the components of allowances and gratification.

Pingle&Sood (2011) showed that the most popular component of international compensation in the IT / ITES sector has been provided airfares, COLA and housing allowances. In a few cases where the family has accompanied the expatriate, education related expenses of the children have been borne by the company. There is similarity in the previous research with this research which is expatriate workers are given COLA, home-leave allowance (airfares) and housing allowance. The difference lies in the sector under study and the absence of providing educational allowance for children to expatriate workers.

Mondy (2010) mentioned that non-financial compensation includes psychological and physical environment. In line with the theory, non-financial compensation given by PaxOcean GTI to local workers and expatriate workers is in the form of career development which is one of the psychological manifestations of non-financial compensation. PaxOcean GTI gives employees the freedom to improve their skills and develop careers.

9.5 Motivation of Local Workers and Expatriate Workers Affected by Self-Actualization, Corporate Condition, Responsibility, and Actualizing Corporate Purpose

Every worker has their individual drive to work. The impetus sometimes comes from within the worker or comes from outside of a worker. Here is the encouragement or motivation of the workers at PaxOcean GTI, both local and expatriate workers.

Table 9.4:

Work Motivation of Workers at PaxOceanGrahaTrisaka Industry Batam

Informants		Worker's Motivation				
		Looking for Experience	Good Corporate Condition	Support from Superior	Responsibility	Actualizing the Company's Goal
Local Workers	IRD	√				
	MNA	√	√			

Continued from previous page…

Expatriate Workers	SDR			√	√	
	UPC					√
Analysis		Self Actualization (Maslow's Theory)	Hygiene Factors (Herzberg's Theory)	Hygiene Factors (Herzberg's Theory)	Achievement (McClelland's Theory)	Achievement (McClelland's Theory)

Source: Primary Data Research (2017)

In this study, there is a difference in motivation possessed by local workers and expatriate workers. The motivation of local workers is to seek experience, this is included in Maslow's Hierarchy of Needs theory, namely self actualization. Hygiene factors by Herzberg namely good corporate condition is also a motivation that encourages local workers to work in the company PaxOcean GTI.

The motivation of expatriate workers to work in PaxOcean GTI is support from superiors, responsibilities and actualizing the company's goal. Hygiene factor by Herzberg is also found in the motivation of expatriate workers, i.e. expatriate workers are highly motivated by the encouragement of superiors. The motivation of other expatriate workers namely responsibility and actualizing the company's goal is a manifestation of the achievement needs proposed by McClelland.

As can be seen, the prominent motivation of local workers is to seek experience which is a form of Maslow's hierarchy of needs theory, self-actualization. Ivancevich *et.al* (2014) stated that self-actualization is the need to fulfill oneself by maximizing the use of abilities, skills, and potential. Seeking experience is one form of

maximizing the abilities, skills, and potential that workers have into real actions so that the worker can have progression and development as he or she wants. For expatriate workers, their motivation refers more to McClelland's theory of achievement needs, namely the need for achievement. The motivation is the responsibility and actualizing the company's goal. Ivancevich *et.al* (2014) mentioned there are three learned needs proposed by McClelland, namely the needs for achievements, the needs for affiliation, and the needs for power. A person who has high achievement needs will encourage him to set challenging goals, to work on the skills and abilities needed to achieve them. Responsibility and actualizing the company's goal are the forms of factor that reflects the workers have high achievement needs.

The research results from Oyedele (2010) showed that there are four critical factors that influence the motivation level of design engineer, i.e. *favorable project working condition*(organization's equity in management of all employees; adequate freedom and tolerance in completing project work; and project provides challenging atmosphere),*organizational support* (satisfactory organizational commitment to employees' career development; recognition of individual contributions and efforts; open interaction betweensuperiors and subordinates; satisfactory organizational concern about employees'safety and welfare; and appropriate evaluation and feedback mechanisms on project), *design process efficacy* (harmonious working relationship within design team and co-workers;minimal design changes or variation; compatibility of design decisions with projectobjectives and good communication

within design team; effective organizationalstructure for project tasks; and realistic project goals and expectations from client), and *effort recognition* (project efforts/contributions leads to employee's retention and firm survival; and appropriate incentives and rewards for project efforts/contributions).

The research results from Oyedele (2010) had similarity with the results of the research that has been done, namely working condition (good corporate conditions) and organizational support (support from the superior).

The result research from Yang (2011) mentioned that good pay was the most important motivation factor for employee compared to promotion, desirable work environment, good welfare package, good bonus system, good company policy, good interpersonal relationships, good supervisors, job security, the opportunity to use ability, a sense of challenge and achievement, positive recognition, autonomy, self-actualization and interesting job. The same research result from Zivkovic (2013) also stated that salary was in the first place in the term of work stimulation compared with job security, occupational safety, interpersonal relations, personal needs, work structure and participation in decision making. Those previous studies have different result from this study. This study indicates that salary is not a major impetus for those informants to work in this company.

9.6 Working Achievement of Local Workers and Expatriate Workers is good

Performance or work performance is the result of work that someone has achieved from his work behavior in carrying out work activities (Sutrisno, 2016).

Performance can be seen from two sides of the result and work behavior. If performance is based on results, then what is seen is the amount of quality and quantity produced by a person. If the performance is seen from the work behavior, then what is seen is the behavior of employees in carrying out their obligations that contribute, either positively or negatively to the fulfillment of corporate objectives (Kasmir, 2016).

Dessler (2015) revealed that there are three bases used by managers to determine employee's goal and performance standards: company goals, job dimension (quality and quantity), and employees' competencies. In line with this theory, the results of this study found that the performance shown and produced by local workers and expatriate workers in PaxOcean GTI can be seen from their job dimensions and competencies.If seen from the job dimension, the work performance of local and expatriate workers can be judged by how many projects are followed and successfully completed by the workers. For local workers such as IRD, projects that have been followed and successfully completed amounted to six projects while other local workers such as MNA has successfully completed two projects that have been followed. For expatriate workers such as SDR, he successfully completed four projects while the completed project was not clearly described by UPC. If seen from competencies,local workers and expatriate workers have good skills, knowledge, and behavior. Local workers have the ability in accepting new learning quickly and have the ability to put precision into every work, while expatriate workers have the ability

to handle work well and are very good at doing the work. More specifically, it can be seen from the table below.

Table 9.5:

Local and Expatriate Workers' Performance and Achievement

No.	Workers	Job Dimension	Worker's Competencies	Benefit They Get
1.	IRD (Local Workers)	6 projects	1) Hard working 2) Faster in accepting new learning.	1) Getting promotion rapidly 2) Getting training to develop skill, knowledge, and speed up performance.
2.	MNA (Local Workers)	2 projects	1) Obedient 2) Thorough in doing the job.	Getting training to develop skill, knowledge, and speed up performance.
3.	SDR (Expatriate Workers)	4 projects	1) Having big initiatives 2) Good at work handling	Given the trust to handle a project.
4.	UPC (Expatriate Workers)	Unknown	Having big initiatives	Given the trust to contribute in a project.

Source: Primary Data Research (2017)

Raza *et.al* (2017) found that the high performance of employees in is influenced by compensation and benefit and workplace communication. Syahreza*et.al* (2017) also found that performance of employees influenced by the organizational policy in the term of providing adequate compensation. The results of this study are similar to those of Raza*et.al* (2017) and Syahreza*et.al* (2017). It is seen from the results of this study that local workers and expatriate workers both showed good performance so

that they receive benefit from the company. Local workers get Software training to Singapore for six months. This provides benefits for them to be able to increase knowledge and improve their skills in working. The results they show from the training are they can work faster than other local workers. In addition, local workers also get a promotion in a relatively quick time. Training and promotion of the position is a manifestation of non-financial compensation proposed by Mondy (2010). Expatriate workers get the trust of the company to always be involved in a project and also get the trust to handle the project. The result of this is that they are successful in handling the work. The trust of this company is also a manifestation of the non-financial compensation proposed by Mondy (2010).

CHAPTER X

CONCLUSION AND RECOMMENDATION

10.1 Conclusion

Based on the analysis of research, the researcher draws up some conclusions:

1. The reasons of PaxOcean Graha Trisaka Industri Batam hiring expatriate workers because the company has a centralized management orientation where all decisions are in headquarter. The authority to manage the company is in the hands of headquarter. In addition, the lack of human resources in PaxOcean GTI Batam is competent, responsible, and disciplined make PaxOcean GTI uses expatriate workers. In addition, to maintain good communication, control and coordination between headquarter and subsidiary companies, it is also a reason for PaxOcean GTI to use expatriate workers.

   Dowling *et.al* (2013) explained that there are four approaches used by multinational corporations in managing and staffing their subsidiaries, namely ethnocentric, polycentric, geocentric, and regiocentric. This study has similarity with the theory, namely ethnocentric approach. All those PaxOcean GTI reasons indicate that the company uses ethnocentric approach. Dowling *et.al* (2013) also revealed that there are three key reasons of organization do international assignment, they are position filling, management development, and organizational development. That theory has similarity with this study, namely organizational development. All of PaxOcean GTI reasons become the purpose of company to develop the company.

2. The determination of compensation for local workers in PaxOcean GTI is based on several considerations such as principle, wage structure and scale, organizational needs, and individual factors, while for expatriate workers based only on wage structure and scale and individual factors. Wage structure and scale for expatriate workers compiled by HR that are in Singapore and adapted to their policies, while for local workers was made by HR that are in Batam and in accordance with the policy in Indonesia. The most striking individual factors for expatriate workers is their citizenship, while local workers are focused on certification and talent. Dessler (2013) mentioned that there are three approaches in compiling wages, namely job evaluation, market-based, and competency-based. Dowling *et.al* (2013) mentioned that there are three approaches in providing international compensation, i.e. going-rate, balance-sheet, and 'local' plus.

   The results of this study have similarities with the theory of Dessler (2013) i.e. job evaluation (for local workers). All elements contained in consideration of compensation for local workers in PaxOcean GTI Batam can be categorized as compensable factor to compare job to one another. The results of this study also have similarities with the theory of Dowling *et.al* (2013) i.e. balance-sheet approach. The amount of compensation given to expatriate workers in PaxOcean GTI Batam is adjusted to the nationality of each expatriate worker because the cost of living of each worker in his country is different.

3. The forms of compensation provided for local workers and expatriate workers in PaxOcean GTI Batam are divided into two, they are financial and non financial compensation. The financial compensation given to local workers and expatriate workers are basic salary, allowance, gratification, rewards for service period, production bonus, and overtime. Non-financial compensation provided to local workers and expatriate workers is the same, i.e. the opportunity to develop their career. However, in financial compensation, local workers are also given the religious day allowance (THR) annually, while expatriate workers are not given THR, but only additional allowances are provided such as housing allowance and home-leave allowance. Milkovich & Newman (2002) and Mondy (2010) mentioned that direct (financial) compensation includes base wage / salary, merit pay / cost of living, commissions, incentives, and bonuses, while indirect (financial) compensation includes benefits and services. Mondy (2010) also mentioned that nonfinancial compensation includes the satisfaction of the job itself or from psychological / physical environment. In addition, Dowling *et.al* (2013) stated that international compensation components include salary base, foreign-service inducement and premium hardship, allowances, and benefits.

   The results of this study have similarities with the theory of Milkovich & Newman (2002) and Mondy (2010), namely base wage / salary into direct financial compensation given PaxOcean GTI to local workers, while the benefits and services become indirect financial compensation component

given PaxOcean GTI to its local worker. The results of this study also have similarities to the theory of Dowling *et.al* (2013), namely base salary, allowances (COLA, housing allowances and home-leave allowances), and benefits (health care) into compensation given PaxOcean GTI for expatriate workers. The results of this study also have similarities to the theory of Mondy (2010) where non-financial compensation given by PaxOcean GTI to its workers (local and expatriate workers) is to provide opportunities for workers to develop careers.

4. Compensation is usually the main factor as a motivation of a worker to work in the company. However, both local workers and expatriate workers at PaxOcean Graha Trisaka Batam do not feel the same. The prominent motivation of local workers is to seek experiences like Maslow's theory of self-actualization. Other motivations that local workers have are good and comfortable corporate conditions such as hygiene factor theory by Herzberg. The motivation of expatriate workers leads more to McClelland's theory, the need for achievement embodied in a feeling of pleasure to be given responsibility and happy to actualize the goals of the company by working more creatively and differently. Other motivation is the support from superiors to subordinates such as Hygiene Factor theory from Herzberg.
5. Work achievements or job performance made by local workers and expatriate workers in PaxOcean GTI are considered good. It can be seen from the number of projects that they contributed and from their capabilities in doing

the job such as faster in accepting new learning, thorough in doing job, having big initiatives and good at work handling, it is in accordance with the theory proposed by Dessler (2015). From the performance, they get benefit from the company such as getting promotion rapidly, getting training to improve the performance, and getting trust from the company to contribute and handle the job. The research result from Raza *et.al* (2017) and Syahreza *et.al* (2017) found that employees' performance is affected by compensation and benefits. The results of this study have similarities with the previous research where the benefits gained by local workers and expatriate workers from their performance are one of manifestations of non-financial compensation proposed by Mondy (2010).

10.2 Recommendation

Based on the conclusions that have been presented, the researcher proposes some recommendations, including:

1. The Company should not be doubt on the competence of local workers. It is because the company seems more obsessed to expatriate workers. In addition, it is better for the company to give the appreciation to all the works that they have done though it's not much so that workers do not feel treated unfairly. The appreciation is not all about money but also about behavior or close relationship.

2. The company should give the reasonable reason to local workers why there is little differentiation of compensation between local and expatriate workers and also give more attention for local workers so that they can understand and motivated to improve their performance in doing the job.

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APPENDIX A: THE INTERVIEW GUIDELINES

Questions for HR Manager and Senior HR Officer

A. The reason of employing expatriate workers in PaxOcean Graha Trisaka Industri.

1) How many expatriate workers and local workers are there in this company?
2) Why do companies choose to hire expatriate workers?
3) How does the quality of expatriate workers work?
4) What is the quality of local workers when working?
5) What are the advantages of expatriate workers compared to local workers?
6) What advantages do local workers have over expatriate workers?
7) When viewed from education, how is the education of expatriate workers?
8) When viewed from education, how is the education owned by local workers?
9) How is management implemented by PaxOcean GTI?
10) What are the key positions in PaxOcean GTI?
11) How long is the expatriate assignment in PaxOcean GTI?
12) How does the company recruit the expatriates?
13) What are the criteria for choosing expatriates in PaxOcean GTI?

B. Determination of compensation of local worker and expatriate worker.

1) How is the compensation system applied to local workers?
2) How is the compensation system applied to expatriate workers?
3) What are the factors that companies consider in compensating local workers?
4) What are the factors that companies consider in compensating expatriate workers?
5) Is compensation awarded on the basis of seniority? Why?
6) Is the compensation given based on employee performance? Why?

C. Compensation Received by Local Workers and Expatriate Workers

1) What forms of compensation are given to local workers?
2) What are the forms of compensation given to expatriate workers?

3) What are the financial compensations given to local workers?
4) What are the financial compensations given to expatriate workers?
5) What are the non-financial compensations given to local workers?
6) What are the non-financial compensations given to expatriate workers?
7) What is the total amount of compensation given to local workers?
8) What is the total amount of compensation given to expatriate workers?
9) What are the conditions that local workers and expatriate workers must meet to obtain the compensation?

D. Motivation to work in PaxOcean GTI (local workers and expatriate workers)

1) What do you think motivates local workers to work here?
2) What do you think motivates expatriate workers to work here?
3) How does the company to motivate local workers and expatriate workers to work harder?
4) What are the things that the company has done and proven effective in improving the morale of workers, both local and expatriate?

E. The performance achievement of the expatriate workers and local workers in PaxOcean Graha Trisaka Industri.

1) How do you think performance has been shown by local workers and expatriate workers?
2) How is their work achievement?
3) How do companies judge their work achievement?
4) What indicators do companies have in assessing their work achievement?
5) What does the company do if there are workers who perform poorly?
6) What does the company do if there are workers who have good performance?

Questions for Local and Expatriate Workers

A. The reason of employing expatriate workers in PaxOcean Graha Trisaka Industri.

1) How many expatriate workers and local workers are there in this company?

2) Why do companies choose to hire expatriate workers?
3) How does the quality of expatriate workers work?
4) What is the quality of local workers when working?
5) What are the advantages of expatriate workers compared to local workers?
6) When viewed from education, how is the education of expatriate workers?
7) When viewed from education, how is the education owned by local workers?

B. Determination of compensation of local worker and expatriate worker.

1) How is the compensation system applied to local workers?
2) How is the compensation system applied to expatriate workers?
3) What are the factors that companies consider in compensating local workers?
4) What are the factors that companies consider in compensating expatriate workers?
5) Is compensation awarded on the basis of seniority? Why?
6) Is the compensation given based on employee performance? Why?

C. Compensation Received by Local Workers and Expatriate Workers

1) What forms of compensation do you receive?
2) What financial compensation did you receive?
3) What are the non-financial compensations you receive?
4) What is the total amount of compensation you receive?
5) What are the conditions that you must meet to obtain the compensation?

D. Motivation to work in PaxOcean GTI (local workers and expatriate workers)

1) What motivates you to work in this company?
2) What motivates local workers to work here?
3) What do you think motivates expatriate workers to work here?
4) What does the company do in motivating its workers to work harder?
5) Are you also motivated by what the company has done?
6) How do you overcome saturation while working?

7) How does your family support your work and where you work?

E. The performance achievement of the expatriate workers and local workers in PaxOcean Graha Trisaka Industri.

1) What are the achievements that you have accomplished?
2) In your opinion, what are the indicators of the company in assessing your performance?
3) What does the company do if there are workers who perform poorly?
4) What does the company do if there are workers who have good performance or achievement?
5) Do you have any obstacles since you're working in this company?
6) In your opinion, how is the performance shown by local workers?
7) In your opinion, how is the performance shown by expatriate workers?
8) What do you think work achievements have been achieved by local workers?
9) What do you think work achievements have been achieved by expatriate workers?

Questions for Union

1) How many expatriate workers and local workers are there in this company?
2) Why do companies choose to hire expatriate workers?
3) How does the quality of expatriate workers work?
4) What is the quality of local workers when working?
5) What are the advantages of expatriate workers compared to local workers?
6) When viewed from education, how is the education of expatriate workers?
7) When viewed from education, how is the education owned by local workers?
8) How is the compensation system applied to local workers?
9) How is the compensation system applied to expatriate workers?
10) What are the factors that companies consider in compensating local workers?

11) What are the factors that companies consider in compensating expatriate workers?
12) Is compensation awarded on the basis of seniority? Why?
13) Is the compensation given based on employee performance? Why?
14) What forms of compensation do you receive?
15) What financial compensation did you receive?
16) What are the non-financial compensations you receive?
17) What is the total amount of compensation you receive?
18) What are the conditions that you must meet to obtain the compensation?
19) Is there a difference between the salary you earn and the salary of the expatriate worker?
20) What do you think motivates expatriate workers to work here?
21) What does the company do in motivating its workers to work harder?
22) Are you also motivated by what the company has done?
23) In your opinion, how is the performance shown by expatriate workers?
24) What do you think work achievements have been achieved by expatriate workers?
25) What does the company do if there are workers who perform poorly?
26) What does the company do if there are workers who have good performance or achievement?

APPENDIX B: DATA REDUCTION

Problem studied	Informants							Analysis
	Key/Main	Supporting						
	RS	JND	IRD	MNA	EAS	PS	TKM	
The reason of employing expatriate workers in PaxOcean Graha Trisaka Industri.	"PaxOcean Batam's management follows the central management (Singapore) except the employment law legislation. If it's a matter of projects, prices, and materials or materials, we follow Singapore." (RS, 07 April 2018, 09:10 WIB) "…. All decision-making	"Expatriate workers have competencies not owned by local workers, so transfer of knowledge to local employees is required." (JND, 10 February 2017, 19:02 WIB)	"In term of skill, we are same. In fact, many of our people are greater than them. I think we are greater compared to them." (IRD, 24 February 2017, 11:24 WIB) "... there is one more side, named psychological side. Because we are commanded by local people, if we are commanded by local, our worker psychology is usually thought "wait a minute, sir" but if	"... But if the problems such as working or whatever, we have same ability. And we really support each other. They do not hesitate to give knowledge. They teach us the ways to complete the job. That's for engineering. But if for other	"In the term of transferring knowledge, expatriates are good and there is no store of knowledge. If they know about that job, they will give their knowledge directly to us. Now the question is, we want to ask or not? We want a discussion or not? In this department, I see it is still okay in transferring knowledge by expatriates to local. For example I have	"If it is said that his program like Mr. Jokowi wants to transfer science, I think it's wrong. What science will be transferred ? Indonesia, we are good argon (weld name), good welding. What do you want to transfer? Nothing would be	"… So if we observe, (employing) the expatriate is solely for communication. Because of what? Most of the companies in Batam are foreign companies. Thus, they are requiring expatriates solely for communication." (TKM, 01 March 2017, 07:42 WIB) "... Because the company is a foreign company so that the company also brought people	1. PaxOcean GTI has centralized management so the company is managed by headquarter. 2. Certain jobs in PaxOcean that are associated with high technology cannot be done by local workers and therefore have to recruit expatriate workers to

	comes from the central company. We are here only as the organizer of the project provided by Singapore." (RS, 07 April 2018, 09:11 WIB) "(PaxOcean GTI is) given authority but not completely. Thus, the authority granted also limited authority. For example, PaxOcean GTI may buy goods		expatriate that is commanded "you have to do this and like this" our workers will be more encouraged and motivated..."(IRD, 24 February 2017, 11:26 WIB)	department, I do not know." (MNA, 24 February 2017, 13:18 WIB)	constraints and I do not know how to do, then I asked to one of them like ' do you know?' Then he said 'oh I know', after that, I just ask 'how? Can you please explain?'"(EAS, 26 February 2017, 10:35 WIB) "... Personally, I say they win experience, because I'm new (in working). That's my personal opinion. It is because I'm sure if I've long period of time in working, I can do what they do. In term of	transferred." (PS, 06 February 2017, 16:05 WIB)	from its country here. The goal is for mere communication. Like the Singapore, not all of the Singaporeans speak English. Sometimes, they speak their language, Chinese." (TKM, 01 March 2017, 07:42 WIB)	transfer knowledge. 3. To control branch companies and get orders from clients in the world it takes English and Chinese to communicate while local workers are weak in those language skills. 4. Expatriate workers have a discipline personality that can satisfy their superiors while local

	but a maximum of USD 500,000." (RS, 07 April 2018, 09:20 WIB) "The key positions in the PaxOcean GTI company are project manager, finance, material handler and store, engineering, facility, HRD, marketing, and QA / QC. Project manager, material handler, facility, engineering, and QA /				the human resource, it's same. Nothing different ..." (EAS, 26 February 2017, 10:34 WIB)			workers only survive for a while in discipline if they have been appointed permanent workers.

	QC are occupied by expatriate workers, while finance and HRD are occupied by local workers. Particularly for the marketing section, it is occupied by local workers and expatriate workers. So there are two. In essence, PaxOcean in Singapore is devoted to finding projects." (RS, 07 April 2018, 09:30							

	WIB) “(Expatriate) still important and necessary, because there are some projects that we have never done in Indonesia, but the work has been done by the expatriates in Singapore so we need their experience.” (RS, 07 April 2018, 10:00 WIB) “In general, it takes between 4-							

	5 years for expatriates to transfer technology. ” (RS, 07 April 2018, 10:15 WIB) “We have jobs that cannot be done by local people.” (RS, 08 February 2017, 11:18 WIB) “Like the equipment, the technology and the mastery of the language, they are more competent in that							

	field." (RS, 08 February, 2017, 11:18 WIB) "… The expatriate's integrity factors we should also distinguish, firstly, it is their discipline. Expatriate tends to be more disciplined. Why? Because he works in another country, he will try to maintain his job. He will expect his contract on the next year will be spliced, so							

	his work is disciplined. What about Indonesian people? When they are permanent, they start lazy …" (RS, 08 February 2017, 11:00 WIB) "In this company, now, it's about 4 years." (SDR, 22 February 2017, 12:45) "I've been working for last 3 years." (UPC, 22 February 2017,							

	10:52)							

Problem Studied	Informants			Analysis
	Key/Main	Supporting		
	RS	JND	TKM	
The Ways in Determining the Amount of Compensation for Local Workers and Expatriate Workers.	"…salary, it will go hand in hand with the development of the length of service, skills and knowledge. It means the salary is directly proportional to the length of service plus skills plus knowledge. Skills and knowledge are made into one, plus experience. If his length of service is big, his skill is big, his experience is great, his salary is big. If his length of service is small, his skill is small, his experience is small, his salary is small. Well, the smallest salary is minimum wage. Now, we are talking about salary and competence… if in our terms is salary, competency, and benefit.	"That is not the standard Singapore salary, but the wage structure created by Singaporean HR." (JND, 10 February 2017, 19:22 WIB) "…if expat people follow the standards of Indonesia while their families are in Singapore for example, which expats want to go to Indonesia to transfer their knowledge to us again? If I am a Singaporean, my salary is smaller if I work outside Singapore, who else would go abroad?" (JND, 10 February 2017, 19:33 WIB)	"…There is a decision of the minister No. 49 of 2004 on the structure and scale of wages. It means that the company must arrange the wage scale structure to distinguish the wages between new employees and a year, two years, three years employees, or so on so there is no gap between those employees or laborers. It also suppresses the company's commotion. It leaves the laborer with the company to organize it, it's a mandatory." (TKM, 01 March 2017, 08:15 WIB) "... Furthermore the wages of expatriate workers are not equal to	1. The company uses competence as basis for determining the compensation for local and expatriate workers, so determination of compensation is based on the knowledge, skills and experience of the workers, not totally based on their performance. 2. Company uses Indonesian policy for arranging the wage structure and scale of local workers while uses Singapore policy for arranging the wage structure and scale of expatriate workers. 3. Arranging the wage

	This benefit must not be in the term of money. Housing, shuttle transport, return ticket, want to pay handphone the company will paid it, given clothes, and others… this name is gratification, excluding wages." (RS, 08 February 2017, 10:09 WIB) "Secondly, we also have the structure and scale of wages. The structure and scale of this wage is also determined by this pyramid career, where there is a name of the class position ... here ... the name of the working period, ranging from zero, 1, 2, 3, 4, 5, 6, 7 and so on. This is a rank (the right side). Well, we divide this rank in three. First rank is for unskilled, second one is for semi-skilled, and third one is for a skilled." (RS, 08 February 2017, 10:11 WIB) "Well, there are two		the wages of Indonesian workers / local workers because the determination of expatriate worker wage is determined in the country of origin of the company owner. It is also based on the skill and competence of the workforce itself ..." (TKM, 01 March 2017, 07:50 WIB)	structure and scale is a must for the company because it is based on the government's command. 4. In determining the compensation for local and expatriate worker, the company also looks at the organizational needs such as task complexity and risk, promotion, and demotion. 5. Individual factors also become the consideration for company in determining the compensation given to them, such as nationality, certification, and talents.

	structure of our wage scale, they are for local people and expatriates…our expatriates also do not want to be (paid according to Indonesian standards), we use Singapore standards ...” (RS, 08 February 2017, 10:12 WIB) “… For certain expatriate, there is no company that wants to open the structure and scale of wages once the company was Tbk (opened company). It is because if it’s open to the public, it will just as well open its secrets to competitors.” (RS, 08 February 2017, 10:12 WIB) “The reason why information about wage scale structures is secret, is to reduce turnover. The more turnover, the production is ineffective. That's why our wages for our expatriates are very			

	secret but for local is semi-confidential. Because the mouth of the Indonesian people cannot be trusted, although written in the paycheck that the salary is a secret ...” (RS, 08 February 2017, 10:13 WIB) “... The complexity of the task here is the number of their employees, then, the risk of their works and then the technology.” (RS, 08 February 2017, 10:54 WIB) “.... So, the wage is also determined by re-organization factor. Well, when we do the re-organization, we categorize the workers’ position based on their promotion and their demotion. Demotion means their position is downgraded. It is because their bad behavior.” (RS, 08 February 2017, 10:27 WIB)			

	"In this reorganization factor, there are three factors that we should consider. The first is salary, the second is position, and the third is benefit." (RS, 08 February 2017, 10:28 WIB) "If it's promotion, should the salary be raised? Not really, because in the term of promotion, the position such as manager can be raised still as a manager but he was promoted into the other department." (RS, 08 February 2017, 10:29 WIB) "… but if the promotion is done vertically, the salary will surely increase." (RS, 08 February 2017, 10:29 WIB) "In the term of demotion, salary does not go down. Salary is fixed… because this is prohibited in Indonesia to reduce the salary of people. Indonesian legislation is			

	too protective, if the workers are paid a million, they will still get a million and it will not decrease even though they show bad behavior." (RS, 08 February 2017, 10:30 WIB) "Here, the expatriates come from Singapore, China, Thailand, and others but mostly they are from Singapore and Malaysia." (RS, 08 February 2017, 10:40 WIB) "... if you ask about expatriates, it means it's the last factor or usually we called it as additional factor. It is because expatriate and local workers actually are same, so we have to treat them in the same way. The different factor for them is the civic factor ... which we must consider firstly is indeed their country. Where is their country? Is it far or near? It's also			

	become the deciding factor." (RS, 08 February 2017, 10:33 WIB) "Secondly is competence. Many jobs that are owned by us are given to expatriates because Indonesians cannot do. The main factor of competence is the language mastery. Negotiation skill and technology are also the part of competence factor." (RS, 08 February 2017, 10:34 WIB) "If in commercial, it is needed a negotiation skill, because we are talking about the tender. The workers must be good at negotiating for the company so that the company will not lose. The workers also must count everything, gather the information, compared the price from one company to others, and etc. Later, those are we add to our customer and			

	we can deal in numbers. Then, we also work by using the sub contractor and we also have the courier. From the courier, it will coordinate to sub contractor, then, from sub contractor coordinate to worker. After that, we deal again to other sub contractor. Those process needs negotiation skill and generally, Indonesian people are bad in English." (RS, 08 February 2017, 10:44 WIB) "Well, talking about technology means we're talking about certification. Many certifications for our job here are not available in Indonesia, for example CSWIP level 1,2,3. In level 1, there are no Indonesian people who able to use it, moreover in level 3. So, the most crucial in technology is a certification recognized by IMO (Industry Marine International) ..." (RS, 08			

	February 2017, 10:35 WIB) "... because there are types for a particular brand which need the person who has education only from the company that makes the machine to operate the machine and run the tools. There are no colleges provide that education. For example is operating a Roll Royce machine, do you think Indonesia provide it? No. Then, operating the crane, like here we have certain cranes and if I'm not wrong the brand is IHI, is there any Indonesian people can train it? No. We have to course to IHI, so what does it mean? It means the numbers of people who competent are few. Well, if their numbers are few, their demand will be high." (RS, 08 February 2017, 10:39 WIB) "Yes, talking about			

	machine means we're talking about commissioning. In the term of science of commissioning, I think maybe everyone capable to learn it but to master the skill, it also depends on talent. First, the ear's ability to hear the sound of the engine like understand to analyze the machine is damaged or not. Well, here we are talking the things a bit complicated for the determination of wages. Well, these persons can be categorized as high-tech people and they are definitely the expatriates with high salaries." (RS, 08 February 2017, 10:36 WIB)			

Problem Studied	Informants							Analysis
	Key/Main	Supporting						
	RS	IRD	MNA	EAS	SDR	UPC	JND	
Compensation Received by Local	"The first composition of wages is basic	"… The basic salary is not too	"Now, the basic salary is between 4.5-5.5 million."	"… There is a transport if	"They give me individual	"It's (other compensation) already in	"There is no housing facility.	1. Compensation for local

Workers and Expatriate Workers	salary…" (RS, 08 February 2017, 10:17 WIB) "The first form of our variable component is transportation …" (RS, 08 February 2017, 10:17 WIB) "…this transport is given if the workers already working for four hours. At least they're already working four hours but if it's not four hours yet, they are not given the transportation . .. the amount of transportation	big. For a big shipyard and offshore, the standard of basic salary is not big." (IRD, 24 February 2017, 11:19 WIB) "…After that, we are given the meal and transport allowance by the company." (IRD, 24 February 2017, 11:22 WIB) "… Then, one more, there is attendance	(MNA, 24 February 2017, 13:04 WIB) "I live in the dorm here, so I've got this dorm facility and no transport for me." (MNA, 24 February 2017, 13:03 WIB) "I don't think of the house now because I still want to work in Java and live there. For me, working here is just for my beginning, for my initial experience, so until now, I don't think of having house, but I don't know later." (MNA, 24 February 2017, 13:19 WIB) "... oh, that's for	we live outside the dorm or outside the office area…" (EAS, 26 February 2017, 10:08 WIB) "… If we are not absent, not sick, and never being late, we got the allowances but I forget the name is…" (EAS, 26 February 2017, 10:13 WIB) "... There is award that is based on a	house. It's not apartment. How to say? It's one house but I'm sharing with friends, I mean my company colleagues ." (SDR, 22 February 2017, 12:16 WIB) "They give me individual house. Not apartment, how to say, one house sharing with friends. My company	allowance. It's a package." (UPC, 22 February 2017, 11:03 WIB) "Beside base salary, we have dorm..." (UPC, 22 February 2017, 11:03 WIB) "In terms of health, we get the insurance but we are not locally got the insurance." (UPC, 22 February 2017, 11:03 WIB)	Only for expatriate workers, we provide dorm." (JND, 10 February 2017, 19:05 WIB) "All expatriate workers in Indonesia are following the applicable rules in Indonesia, such as work and residence permission, then, we register them to BPJS Employme nt and BPJS Health and	and expatriate workers is divided into two, i.e. financial and non-financial compensati on. 2. Financial compensati on for local and expatriate workers generally is same, they are: basic salary, allowances, gratification , rewards, production bonus, and overtime. 3. For local workers, the company gives additional

	is still 11 thousand …" (RS, 08 February 2017, 10:21 WIB) "…the amount of meal allowances is 14 thousand. It's for all levels." (RS, 08 February 2017, 10:21 WIB) "…job risk allowance is for cleaning jobs, gouging, welding, painting, blasting, and diving …" (RS, 08 February 2017, 10:19 WIB) "…Well, the amount of job risk allowance	allowance. To get this attendance allowance, the workers should be present until 100 percent and should not be late for a month." (IRD, 24 February 2017, 11:28 WIB) "Actually we are on the covered by BPJS, which is our BPJS money distribution is already set. The company is paying some percent and we are	our loyalty. If I'm not wrong, it's for 5 until 10 years of working period. We got the gold coin." (MNA, 24 February 2017, 13:35 WIB) "... overtime depends on the project. If there is the project that needs more time, we take the overtime. Sometimes, there is also additional job suddenly, so we can take overtime too, or we have the short-term projects and we want to pursue the preparation, we also can take overtime. It's in engineering department."(MNA, 24 February 2017, 13:05	job every 5 years ... it's a pure gold. It's just like that. It looks like metal."(EAS, 26 February 2017, 10:56 WIB) "Oh, we also get THR. THR is mandatory and there is a law that regulates it... so, it's according to our big day. Two weeks before the big day, it's already given…" (EAS, 26 February	colleagues ." (SDR, 22 February 2017, 12:16 WIB) "Now, I'm getting (the opportunity to develop career). In some cases, they transfer me to here (Batam) and there (Singapore) but it's still ok for me. I'm happy to work, so they give me some opportunity to develop myself…"		also must have Tax ID number for the income tax deduction in article 21." (JND, 10 February 2017, 19:05 WIB) "... There is also training for expatriates, but mostly it's for local. We rarely give the training to expatriates except for their competence." (JND, 10 February 2017, 19:45	financial compensation in the term of religious holiday allowances (THR). 4. For expatriate workers, company doesn't give THR but company gives additional allowance for them such as housing allowances and home-leave allowance. 5. The non-financial compensation for local and expatriate

	is 15 thousand per day. If he did the job in three days, it means in a month, he only got the allowances for three days. So, it's not everyday …" (RS, 08 February 2017, 10:18 WIB) "Attendance allowance is 200 thousand per month for all levels. So, if in one month my presence is 100 percent which means I'm never being late, never being leave, never being sick, and never take unpaid leave, I	paying another percent. So, the company helps us through BPJS indirectly. If they help us directly, it means they give money to us face to face and say "this is money for you because your wife gives birth", but here, the fact is the company helps us indirectly..." (IRD, 24 February 2017, 11:29 WIB)	WIB) "I've been in training." (MNA, 24 February 2017, 13:09 WIB)	2017, 10:13 WIB) "I think there is an overtime system here, so, it can help us ..." (EAS, 26 February 2017, 10:09 WIB) "... It was in accordance with the budget. For example, we want to make a ship and the project already has a budget. The company already considered	(SDR, 22 February 2017, 12:05 WIB) "…They give some competition, so I'm happy. It's not problem for me." (SDR, 22 February 2017, 12:05 WIB)		WIB) "They rarely get training but we have given training in the form of ISO Awareness and training of Indonesian language." (JND, 10 February 2017, 19:45 WIB)	workers, the company gives the opportunity to develop career. This evidenced by providing promotion and training for them.

	will get 200 thousand. It's for all levels." (RS, 08 February 2017, 10:20 WIB) "Actually, the compensation components of expatriate and local workers are same, which may be different is housing, such as dorm…" (RS, 08 February 2017, 11:18 WIB) "…then, we provide the ticket to leave and back from their country." (RS, 08 February 2017, 11:18 WIB)	"... then, there is a reward for 5 years or 10 years, it depends on the working period." (IRD, 24 February 2017, 11:22 WIB) "We get THR …" (IRD, 24 February 2017, 11:22 WIB) "Actually the salary here is not big. It's still in the wage standards of Batam which is		about the hours that taken by engineers to accomplish the projects. It means the company needs much money. If indeed the company does not have any money, for example the budget has run out, how the engineers do the projects? So, the company should look for a solution. It may take the budget				

	"…For example, if workers died, in addition to get their rights in social security, we also provide compensation as much as 6 million for them. So, the 6 million is given to his wife or her husband for funeral expenses from the company." (RS, 08 February 2017, 10:21 WIB) "Secondly, we will give them 300 thousand once their wife is giving birth." (RS, 08 February 2017, 10:22 WIB)	called as minimum wage. However, because we are here supported by overtime, so, we just pursue the overtime. This means that if the gross income received by us is above 10 million, it means it already includes with overtime." (IRD, 24 February 2017, 11:19 WIB) "... overtime depends on		from the yard, I mean from the management but not from the project ..." (EAS, 26 February 2017, 10:51 WIB) "... I was training in Singapore for six months ..." (EAS, 26 February 2017, 10:11 WIB)				

	"Then, when their wife or child died, we give 1.5 million to the workers. It is called as gratification." (RS, 08 February 2017, 10:22 WIB) "Then, there is working period for 5 years, 10 years, 15 years, 20 years. If the workers fulfill this working period, we give them compensation again. If I'm not mistaken, it's called as the forms of reward." (RS, 08 February 2017, 10:22	the needs of the project, for example there is a project and it should be completed, we automatically have the income..." (IRD, 24 February 2017, 11:28 WIB) "O, of course." (IRD, 24 February 2017, 11:45 WIB) "So many training they held for us (in engineering department) but I						

	WIB) “This is 1.5 million for 5 years of service, this is 2 million for 10 years of service, this is 2.5 million for 15 years of service, and this is 3.5 million for 20 years of service. Well, we give those compensations every December 26th. So, by the end of the year, the workers will get it.” (RS, 08 February 2017, 10:22 WIB) “Well besides that, it is a bonus like production	don’t know in other departments. In engineering, six people of us are sent to school in Singapore. What I mean is like a course to Singapore for six months.” (IRD, 24 February 2017, 11:45 WIB)						

	bonus. Well, this amount depends on profit but the range is 1 to 3 months of wages." (RS, 08 February 2017, 10:23 WIB) "…Then, there is religious day allowance, well, the amount is 1 month of wages ..." (RS, 08 February 2017, 10:23 WIB)							

Problem Studied	Informants				Analysis
	IRD	MNA	SDR	UPC	
Motivation to work in PaxOcean GTI (local workers and expatriate workers)	"It's because of the project. The first time I want to join, there is information that this shipyard	"At that time, the company held recruitment to my college and I tried to apply, then I was	"They give me responsibility and the Chairman shows good approach. So, I got some self	"Actually they make sense of good material goals. It means you have to keep on going then	1. The work motivation of IRD and MNA is to look for experience from the project.

	will build a large ship. The ship that will be made is the first type of ship in Batam, so I'm interested. Okay, I want to join in that company. I want to find the experience there." (IRD, 24 February 2017, 11:18 WIB)	accepted. So, this is my first place to work." (MNA, 24 February 2017, 13:02 WIB) "… The name was Drydocks at that time and it was famous. The first time I applied a job, there was a lot of information about Drydocks. So, I coincidentally accepted by the company and I didn't leave it." (MNA, 24 February 2017, 13:02 WIB) "…It is because I still want to work and live in Java. Here is just for my beginning and initial experience…" (MNA, 24 February 2017, 13:19 WIB) "…so, initially they (Drydocks) opened	commitment of work. It is like the Chairman gives me some encouragement and gives some responsibility to work, so I'm happy to work here." (SDR, 22 February 2017, 12:04 WIB)	you keep on trying unique things. I don't know the reason to work in this company but it's one of my encouragement become the employee of this company." (UPC, 22 February 2017, 11:02 WIB)	2. Besides looking for experience, the working condition in that company also becomes the motivation for MNA to work in PaxOcean GTI. 3. The support from the boss and getting responsibility become the motivation of work for SDR. 4. The motivation of work for UPC is to actualize the company's goal by trying the unique things and go forward.

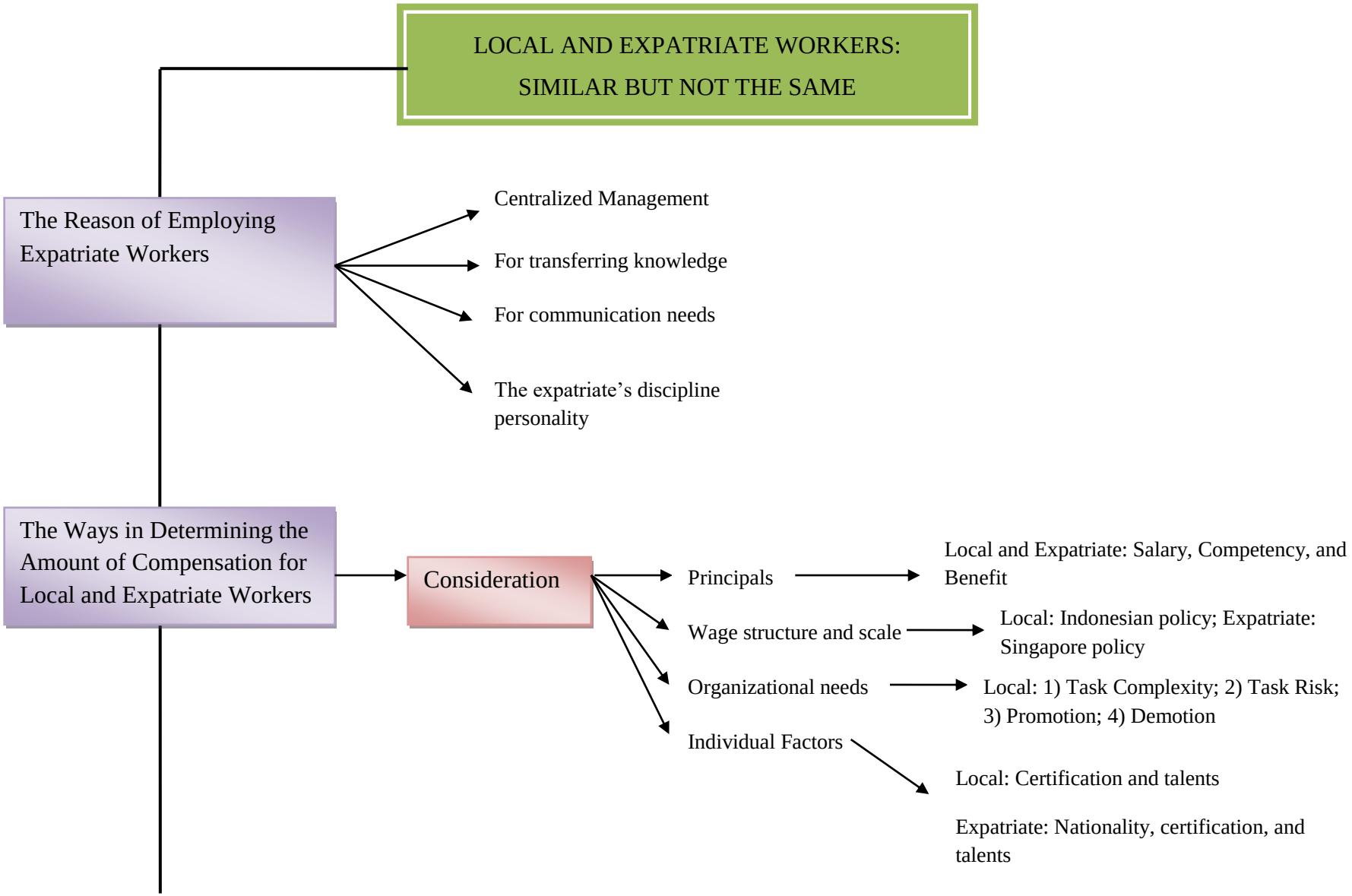
		recruitment to colleges, I got the information from my friend…" (EAS, 26 February 2017, 10:02 WIB)			

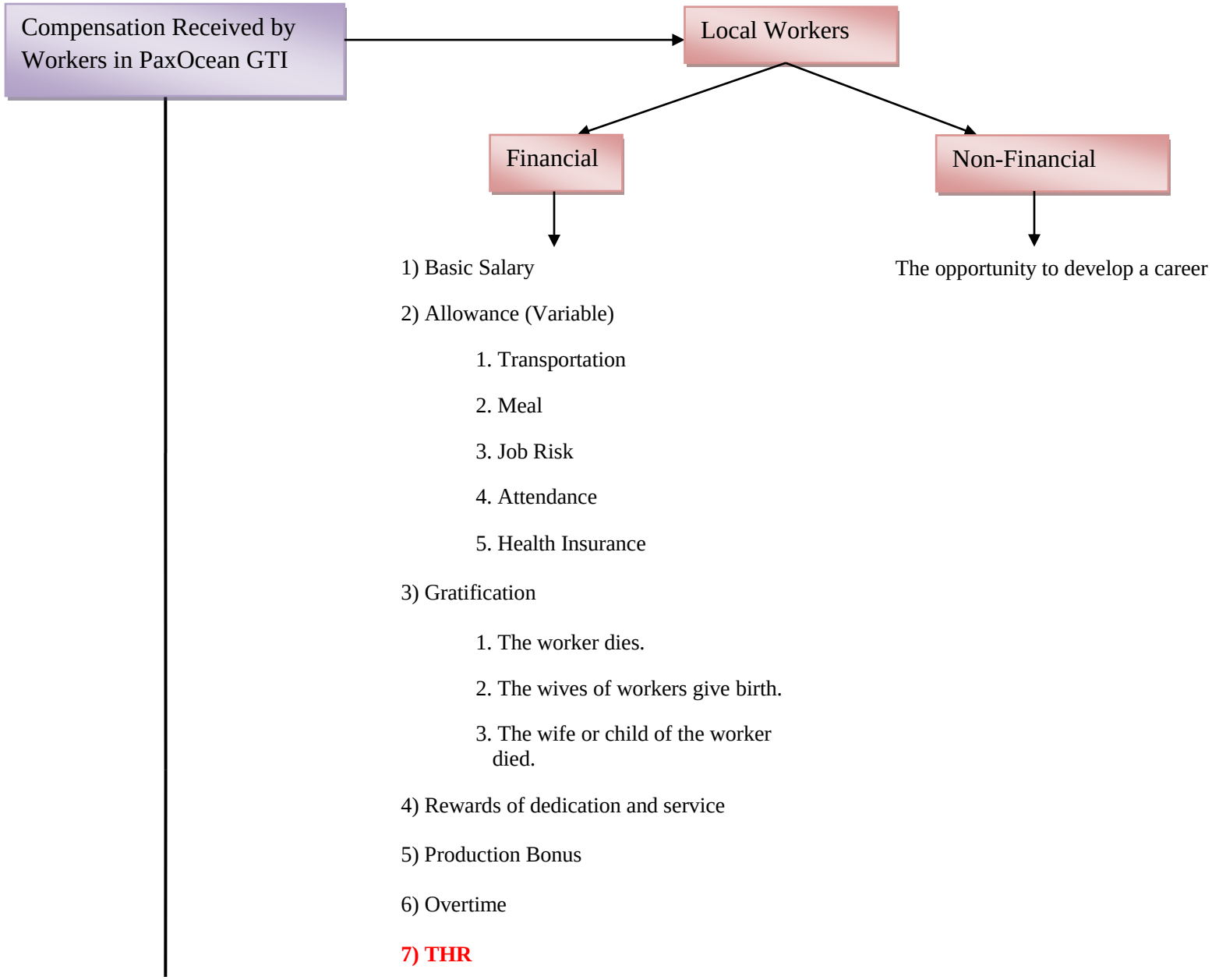
Problem Studied	Informants				Analysis
	IRD	MNA	SDR	UPC	
The performance achievement of the expatriate workers and local workers in PaxOcean Graha Trisaka Industri.	"... In the beginning, I came here as a regular engineer. I was working so hard at that time. After two years became a regular engineer, I immediately became a senior engineer. It means I do not assess myself. If assess myself, I will say myself is ok because some of the other friends are still as engineer and assistant engineer	"Yes, there is. One side, it's like we work by using the software so the training is useful. It's also improving our experience." (MNA, 24 February 2017, 13:10 WIB) "So, this software is also become my achievement because the output of this software is we can directly draw the field. The name of the software is soft drawing, so we do	"I have a lot of process. In the beginning, I've done GLG (the project name) process, like convention effectively, and there is one more project namely auto marine. Besides, there is ten e-house and we're doing in combo. That's all project that I involve. I've completed them effectively and work handling. I'm	"… We have to contribute to the project and we have to complete it. The reason for not complete it is related to self-leader performance discretion that you get is the wrong service. So, for me, it should be the self-leader performance first." (UPC, 22 February, 2017, 11:03 WIB)	1. The work achievement of local and expatriate workers can be categorized as good. 2. In the term of quality, the local workers and expatriate worker such UPC have good quality, it can be seen from the rapid promotion experienced by IRD, the ability to work faster that is showed by IRD and

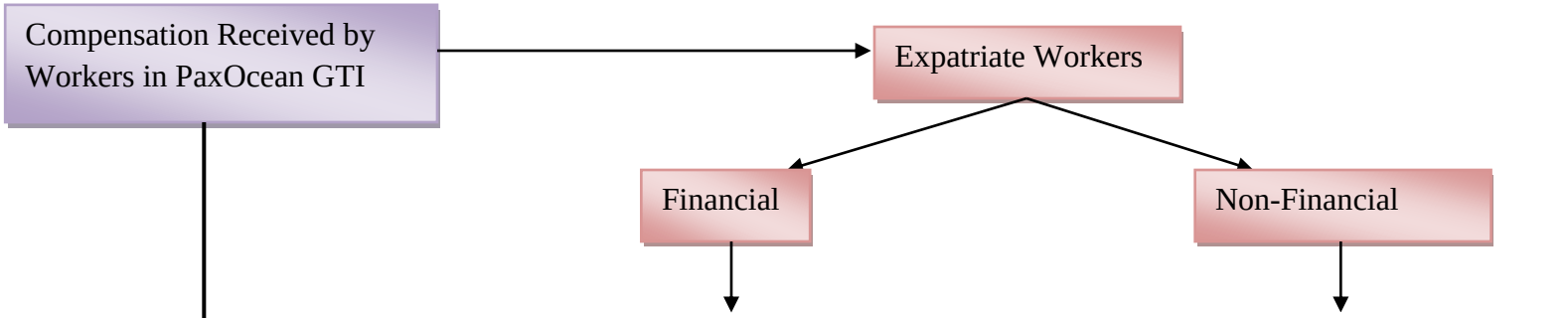
	although they already work a dozen years ..." (IRD, 24 February 2017, 11:21 WIB) "... I went to Singapore for having the course for six months. We were learning about software and later we apply the science to Batam. Then, there was also safety course ..." (IRD, 24 February 2017, 11:45 WIB) "... My other friends were given a Software to be learned, but me, I got three Software at once…" (IRD, 24 February 2017, 11:46 WIB) "Yes, of course. It is the selected people." (IRD, 24 February, 2017,	not need to make it hard and take a long time. By using this software, we input all sorts of data and we make it, then, we can produce those outputs, so it's faster. The important thing is that not everyone can do the same here." (MNA, 24 February 2017, 13:12 WIB) "It's only those three. Others are not yet given the training but they know about it. In this company, in piping and electrical department, there is one person who able to use the Software because those departments also use the Software to do the job." (MNA, 24 February 2017, 13:13 WIB) "There used to be a project that was a	happy for that." (SDR, 22 February 2017)		MNA, also the high initiative for working by UPC. 3. In the term of quantities of project, IRD already contributed for 6 projects, MNA already contributed for many projects but the wonderful one is in 2 projects. While for SDR, he already contributed for 4 projects.

	11:46 WIB) "All the projects that I hold become my achievement because all (projects) finished on time and no complaints from other parties…" (IRD, 24 February 2017, 11:30 WIB) "If the new building projects, there are 6 ships. If the repair project, I cannot count anymore." (IRD, 24 February 2017, 11:30 WIB) "For the department of engineering, he (IRD) is the only senior engineer." (JND, 10 February 2017, 20:00 WIB)	short time project for six months. It needed six months to complete and yes we can. Then, there was the experience to work on building a rig because at that time I still got it, Alhamdulillah. It is also my work achievement."(MNA, 24 February 2017, 13:12 WIB)			

APPENDIX C: DATA DISPLAY




Compensation Received by Workers in PaxOcean GTI
Local Workers
Financial
Non-Financial
1) Basic Salary
2) Allowance (Variable)
1. Transportation
2. Meal
3. Job Risk
4. Attendance
5. Health Insurance
3) Gratification
1. The worker dies.
2. The wives of workers give birth.
3. The wife or child of the worker died.
4) Rewards of dedication and service
5) Production Bonus
6) Overtime
7) THR
The opportunity to develop a career



1) Basic Salary

2) Allowance (Variable)

1. Transportation
2. Meal
3. Job Risk
4. Attendance
5. **Housing**
6. Health Insurance
7. **Home-leave**

3) Gratification

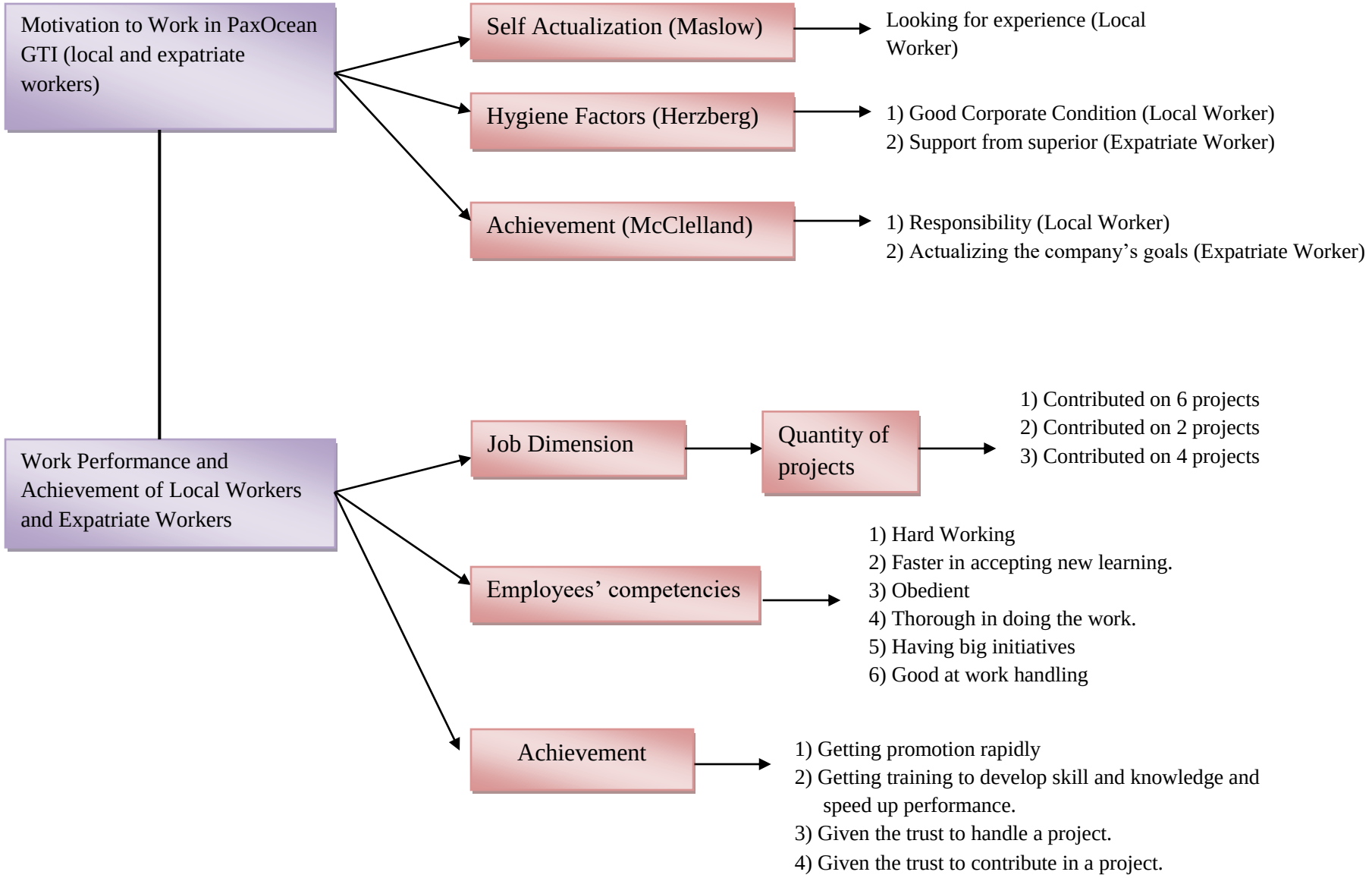
1. The worker dies.
2. The wives of workers give birth.
3. The wife or child of the worker died.

4) Rewards of dedication and service

5) Production Bonus

6) Overtime

The opportunity to develop a career


Motivation to Work in PaxOcean GTI (local and expatriate workers)
Self Actualization (Maslow)
Looking for experience (Local Worker)
Hygiene Factors (Herzberg)
1) Good Corporate Condition (Local Worker)
2) Support from superior (Expatriate Worker)
Achievement (McClelland)
1) Responsibility (Local Worker)
2) Actualizing the company's goals (Expatriate Worker)
Work Performance and Achievement of Local Workers and Expatriate Workers
Job Dimension
Quantity of projects
1) Contributed on 6 projects
2) Contributed on 2 projects
3) Contributed on 4 projects
Employees' competencies
1) Hard Working
2) Faster in accepting new learning.
3) Obedient
4) Thorough in doing the work.
5) Having big initiatives
6) Good at work handling
Achievement
1) Getting promotion rapidly
2) Getting training to develop skill and knowledge and speed up performance.
3) Given the trust to handle a project.
4) Given the trust to contribute in a project.

APPENDIX D: TRANSCRIPT OF INTERVIEW

Interview with Mr. RS (HR Manager)
Date: Wednesday, 08 February 2017
Time: 11:00 WIB
Location: PaxOcean Graha Trisaka Industri

Author : How long have you been working here?
RS : 9 years
Author : How many employees in here?
RS : Do you want it detail or not?
Author : In detail
RS : We are divided between unskilled workers, unskilled means lower level, then semi-skilled, and others are skilled. This is (while taking notes), unskilled, it means the person who graduated from senior and junior high school can apply. If semi-skilled, he must have competence and certifications. Well, if the skilled means he's not only bachelor, master or doctor but he must have experience or any certification too.
Author : How about the compensation given here?
RS : So, what you ask is indeed the theory of HR. We have a triangle or pyramid career (while noting on paper). This is zero, this is Y and this is X. Y is called as the working period and X is called as competitor. So, It's called as pyramid career. Well, when the person is still fresh graduated, he is in this position (pointing to the bottom of the pyramid), it means his competitor is very much, his work is still zero (0), and there is no experience yet. Well this left side (pointing the picture), we call as experience. Well this right side (pointing the picture), we call as skilled, because as time goes by, people will have skill and also knowledge. It is because the knowledge and skill of fresh graduated person is still considered as zero (0), and the competitors are many. So, when they fill out applications (of working) and they're asked "how much salary do you want?", generally they answer according to company regulations. What does it mean? It means they don't have selling value. Some (of them) also write according to the minimum wage. It means the fresh graduated workers who had applied in this company or another company, have no selling value. However, when they are in this position (pointing to the second or middle pyramid picture), they already have the experience, skills, and knowledge, but the competitors still exist and have been reduced, right? The concept of reduce here means in the bottom (of pyramid picture) is 10 competitors and in the middle (of pyramid picture) is 5 competitors. So that later, at one point, there is no competitor anymore. This is what we call as an expert. Well, salary, it will go hand in hand with the development of the length of service, skills and

knowledge. It means the salary is directly proportional to the length of service plus skills plus knowledge. Skills and knowledge are made into one, plus experience. If his length of service is big, his skill is big, his experience is great, his salary is big. If his length of service is small, his skill is small, his experience is small, his salary is small. Well, the smallest salary is minimum wage. Now, we are talking about salary and competence, we have not talked about local and expatriate, but the principle of them is the same which should be the salary and competency. If in our terms is salary, competency, and benefit. This benefit must not be in the term of money. Housing, shuttle transport, return ticket, want to pay handphone the company will paid it, given clothes, and other, this name is gratification, excluding wages. But whatever it is, competency and benefit is classified to the welfare. That's the first. Secondly, we also have the structure and scale of wages. The structure and scale of this wage is also determined by this pyramid career, where there is a name of the class position ... here ... the name of the working period, ranging from zero, 1, 2, 3, 4, 5, 6, 7 and so on. This is a rank (the right side). Well, we divide this rank in three. First rank is for unskilled, second one is for semi-skilled, and third one is for a skilled. Well, there are two structure of our wage scale, they are for local people and expatriates. For certain expatriate, there is no company that wants to open the structure and scale of wages once the company was Tbk (opened company). It is because if it's open to the public, it will just as well open its secrets to competitors. What does it mean? It's like a high jag workforce, right? Maybe there are expatriates who work here and have a lot of friends in PT. A, PT. B, and PT. C. Later, they meet in Nagoya (region name). The reason why information about wage scale structures is secret, is to reduce turnover. The more turnover, the production is ineffective. That's why our wages for our expatriates are very secret but for local is semi-confidential. Because the mouth of the Indonesian people cannot be trusted, although written in the paycheck that the salary is a secret. So, the reason why information about wage scale structures is secret, is to reduce turnover. So the more turnover, the effective production. That's why our wages for our foreigners are very secret but for local semi-confidential. For what? Because the mouth of the Indonesian people cannot be held, although written in the paycheck, the salary is a secret, they still ask about how much salary that their friends get. It's the Indonesian culture. We cannot change in a day, two days, a year, two years. I have been 9 years (working) here, it never be a secret. Well, back to the unskilled, semi-skilled, and skilled earlier. If you want to know what the positions are, I can give you the data later on. I will give you the amount of position includes in unskilled, semi-skilled, and skilled. For example, in this company, (position) helper or office boy is the lowest. Well. The director

is surely the highest. In the highest groups, there are directors, managers, super attendant, and supervisor. In the middle levels, there are inspector, foreman, and officer. So, in the bottom levels or usually we called as worker level. In this level, there are welder, fitter, stager, painter, blusher, etc but all of them depend on their department position. It means the position name is depending on each department. Nonetheless, in hierarchy, this (bottom or worker level) is worker, this (middle level) is supervision, and this (highest level) is Boss. Every Company is using those three levels. Well, it means the boss (level) is not much. Can you see the comparison? Because it is impossible the number of members equal to the number of bosses.

Author : Can you tell me about the amount average of salary expat and local?

RS : I'll give you later. I give the data but based on the wage scale and structure.

Author : So, what is the basis of giving the compensation?

RS : Okay, then the composition of wages. The first composition of wages is basic salary, the second is allowance. Allowance here is variable and nothing is fixed. Basic is obviously the basic wage. The first form of our variable component is transportation, then a meal, job risk which is the jobs that are high risk. So when he's doing a high-risk job, we give him allowance. Well, the amount of job risk allowance is 15 thousand per day. If he did the job in three days, it means in a month, he only got the allowances for three days. So, it's not every day. I forgot one more (things to be informed), job risk allowance is for cleaning jobs, gouging, welding, painting, blasting, and diving. Then here is a bonus attendance or attendance allowance. Attendance allowance is 200 thousand per month for all levels. So, if in one month my presence is 100 percent which means I'm never being late, never being leave, never being sick, and never take unpaid leave, I will get 200 thousand. It's for all levels. This transport is given if the workers already working for four hours. At least they're already working four hours but if it's not four hours yet, they are not given the transportation and meal. The amount of transportation is still 11 thousand and the amount of meal allowances is 14 thousand. It's for all levels. It means the total is 25 thousand. Besides, we also have gratuities. This is also considered as wages because it was given in the form of money. For example, if workers died, in addition to get their rights in social security, we also provide compensation as much as 6 million for them. So, the 6 million is given to his wife or her husband for funeral expenses from the company. Secondly, we will give them 300 thousand once their wife is giving birth. Then, when their wife or child died, we give 1.5 million to the workers. It is called as gratification. Then, there is working period for 5 years, 10 years, 15 years, 20 years. If the workers fulfill this working period, we give them

compensation again. If I'm not mistaken, it's called as the forms of reward. This is 1.5 million for 5 years of service, this is 2 million for 10 years of service, this is 2.5 million for 15 years of service, and this is 3.5 million for 20 years of service. Well, we give those compensations every December 26th. So, by the end of the year, the workers will get it. Well besides that, it is a bonus like production bonus. Well, this amount depends on profit but the range is 1 to 3 months of wages. Then, there is religious day allowance. Well, the amount is 1 month of wages. Those are included in the category of composition of our wages. They are basic, allowance, gratification, and others. It's like a bonus. Well, but, there is a reduction in wages. For example the absent….

Author : How much the amount will be reduced once they are absent?

RS : Cutting (the salary) is certainly based on our number of formula that we use. There are two (form of formula) from the Law, do you want to use formula 1/30 or 1/25 or 1/21? If the working period is 6 days, it will be cut 1/25. If the working period is 5 days a week, it will be cut 1/21. Well, our company uses this formula (1/21). Yes, it is up to you. That's no problem if you want to you 1/30, 1/25, 1/21 but we use 1/21. It's for absent and everything that caused the workers did not work because the reasons beyond the interests of the company. If they are sick, we are not cutting (the salary).

Author : Is the salary given depending on the performance?

RS : For the salary we use the wage scale and structure, not performance. There are two possibilities he (the worker) gets a salary. First, based on competences, second, urgency because we really need him. He sets his amount of salary because he's the only one who able (to do that job) here. There are for certain positions that need certain people and it (the position) is not much. So, as I said earlier, if you are in the top position or expert, when you offer the salary, it's not the company that determines, but you are the one who determines. Just like my experience at that time "if you want to hire me, my salary is a few dollars. Are you able or not? Take it or leave it?" but if those people are in 0 (zero) position, what will they say? "According to company regulations, appropriate UMK." For me, these are the people who have no selling value. This kind of person is so many in Indonesia.

Author : How about the semi-skilled, Sir? Is it same or not?

RS : Semi-skilled is not. We are following their friends which have the same level of them. It is impossible for me to give them the salary as same as a helper. It's impossible, because we have the wage scale and structure. So our benchmark should be here. Wage scale and structure is based on status, he is a fresh graduated and how long has he become a welder or anything? It is also decisive. So, here, "What kind of group position is he? Oh welder." "How much is the salary ranges for the welder? *(writing*

on the paper) From this range to this range." "How long is his working period?" It is because there is different on the salary of one-year welder, two-year welder, and three-year welder, but the limit for welder usually is until five years. If in five years someone is still a welder, what does it mean? He has less skill and he has no leadership skill. Actually if he had worked as a welder for five years, he has been a foreman, right? But he does not. So that factor is determined by the needs of the organization, it also determines. So, the wage is also determined by re-organization factor. Well, when we do the re-organization, we categorize the workers' position based on their promotion and their demotion. Do you know demotion? Do you know promotion?

Author : Yes, I know.

RS : Demotion means their position is downgraded. It is because their bad behavior. In this reorganization factor, there are three factors that we should consider. The first is salary, the second is position, and the third is benefit. If it's promotion, should the salary be raised? Not really, because in the term of promotion, the position such as manager can be raised still as a manager but he was promoted into the other department, but if the promotion is done vertically, the salary will surely increase. So, later we will see to the status of the department itself because a fellow manager, his salary is not necessarily the same. In promotion, the salary is question mark but the position surely changes. Benefit, this is also question mark. In the term of demotion, salary does not go down. Salary is fixed. Position is definitely down. Benefit is definitely down, because this is prohibited in Indonesia to reduce the salary of people. Indonesian legislation is too protective, if the workers are paid a million, they will still get a million and it will not decrease even though they show bad behavior. Well the second, we must also pay attention to that wage, this is re-organization factor right? Sometimes it's an organization needs and there is worker, foreman, supervisor, and manager level. Maybe 10 people of workers will be held by 1 foreman, by 1 supervisor and by 1 manager. If the organization is different, maybe there are 40 workers that are held by 4 Foreman, by 1 Supervisor, and by 1 Manager. If the group increases, it's depending on the type of work. In this department for example (pointing to picture A), means 1 manager is holding 2 Supervisor, 8 foreman, 80 worker. There is another 1 manager who holds 1 supervisor, 2 Foreman, 40 workers (point to picture B). The salary of manager in this department maybe 10 million (for example picture B), how about this one? (For example picture A) would he be given 10 million also? Certainly not. Of course, he will be given 20 million. These all are the cause of salary differences. Why is my salary only one-third of that person's salary? It is because he has many staff, 3 times more from me. Is it reasonable? Of course. Even though he's the manager, I'm the

manager. My benefits are the same. What's different? Only the salary.

Author : Back to those expats, for example he's the citizen from other country. Does it influence or not?

RS : That's influence. If you ask about expatriates, it means it's the last factor or usually we called it as additional factor. It is because expatriate and local workers actually are same, so we have to treat them in the same way. The different factor for them is the civic factor which we must consider firstly is indeed their country. Where is their country? Is it far or near? It's also become the deciding factor. Secondly is competence. Many jobs that are owned by us are given to expatriates because Indonesians cannot do. The main factor of competence is the language mastery. Negotiation skill and technology are also the part of competence factor. Well, talking about technology means we're talking about certification. Many certifications for our job here are not available in Indonesia, for example CSWIP level 1,2,3. In level 1, there are no Indonesian people who able to use it, moreover in level 3. So, the most crucial in technology is a certification recognized by IMO (Industry Marine International). Another factor is equipment. This equipment is a machine. Suppose here is like Roll Royce. Roll Royce is branded. People who master in the science of Roll Royce brand are limited. Which country are you from? I don't think many Indonesians join to Roll Royce. Yes, talking about machine means we're talking about commissioning. In the term of science of commissioning, I think maybe everyone capable to learn it but to master the skill, it also depends on talent. First, the ear's ability to hear the sound of the engine like understand to analyze the machine is damaged or not. Well, here we are talking the things a bit complicated for the determination of wages. Well, these persons can be categorized as high-tech people and they are definitely the expatriates with high salaries.

Author : So, do you mean the high tech people in Indonesia are rare?

RS : Here are a lot of high tech jobs.

Author : But who holds it?

RS : There are some in Indonesia, some are foreigners. Talent is also a factor. There are people with education is only primary school in Singapore but he joined the certification A, B, C, D and many. His formal education just in elementary. It means he can only read and count, just it. He does not have any skills, but he learns from A, B, C, D, E certification. Singapore system is almost the same as Germany. That's the model. So this person pioneers his career from zero. And he has a certain talent in his ears. He can distinguish this machine is broken or damage. Well, his salary is above manager.

Author : Whereas his formal education is ....

RS : Primary school. Primary school plus plus plus certification. Well, so, if want to answer the difference between expatriates and local workers,

those are, certification and talent. So remember, the certification is A, B is equipment, talent is C. Why equipment? Because there are types for a particular brand which need the person who has education only from the company that makes the machine to operate the machine and run the tools. There are no colleges provide that education. For example is operating a Roll Royce machine, do you think Indonesia provide it? No. Then, operating the crane, like here we have certain cranes and if I'm not wrong the brand is IHI, is there any Indonesian people can train it? No. We have to course to IHI, so what does it mean? It means the numbers of people who competent are few. Well, if their numbers are few, their demand will be high. So the answer why there are different with local, the answer is just those three. We also classify them into high tech person. Well, if this talent is an individual factor. There is no school which provides it. It is indeed a skill he has received (from God), which he has formed over the years, so he is able. It is now expatriates still durable. There is one more Dalen person, now he has move, he seems so fanatic with our boss. He should not be like that.

Author : What's that mostly expatriates from?

RS : Here, the expatriates come from Singapore, China, Thailand, and others but mostly they are from Singapore and Malaysia. I also have to tell here also for you. If we are talking about which one is high tech in this company, there are engineering, commercial, steel work, and then mechanical. .So first we divide the two groups, they are production, or non-production or support group. The production here, are engineering, commercial, mechanical, electrical, steel work, piping, painting, blasting, commissioning, marine, facility for building, tools. Well for the non-production, they are HR, IT, Finance. This position for HRD manager must be a local, it's a Law, then here there is a HSE (Health and Safety Environment) must be a local, finance also must be a local, but if IT, it can be foreigner. Well if this (referring to production) is open to public. So, which one do we categorize for high tech? Actually this (engineering) could be entered by a foreigner because the engineering, the high tech job is a system like Software. Our software is primavera, so the people who enter in this engineering will be sent to Singapore for training because we are using Primavera, right? Once training (the cost) can be up to 100 million, 120 million. Primavera software is what we consider as high tech. If in commercial, it is needed a negotiation skill, because we are talking about the tender. The workers must be good at negotiating for the company so that the company will not lose. The workers also must count everything, gather the information, compared the price from one company to others, and etc. Later, those are we add to our customer and we can deal in numbers. Then, we also work by using the sub contractor and we also have the courier. From the courier, it will coordinate to sub

contractor, then, from sub contractor coordinate to worker. After that, we deal again to other sub contractor. Those process needs negotiation skill and generally, Indonesian people are bad in English. Mechanical, (the high tech job) like Roll Royce machine and IHI. If in electrical, it is PVAC, but not all people able to use it. If the facility, only expats for manager level because everyone (the people who do the hard work) is local. Steel work is inspection. That's what I told CSWIP earlier. 3,2,1 yes. Piping is also inspector and for its high skill, we use CSWIP as well. 3,2,1. Painting, blasting are also inspection as well. Here, it uses the association ASVAC. The level is also the 3.2,1. Commissioning is related to mechanical, it's also a Roll Royce machine or IHI. Well, if for the marine, it's a diving job, and launching. This is not everyone can. For people like this, we also have to look at the culture. Indonesian, if they have certified, for these works, they will not apply in Indonesia. They will apply to overseas. So, they become expatriates there. For expatriates here, we use Singapore standard.

Author : So, in this company, all use Singapore standard?

RS : Not at all, there's Thailand too, Pakistan but India doesn't exist anymore.

Author : Why?

RS : Because India also depends on his corporate culture. Drydocks World at the time, there were a lot of Indians, so Indians (who working) here were many. PaxOcean, the owner is Chinese, Malaysia, so it follows the culture too. If you ask the expatriates here, generally it's Singapore and Malaysia. Pakistan, Bangladesh, Thailand, Myanmar, Philippines exist but not much anyway.

Author : I get information from the internet that is said in 2010, there was a case. Is that true?

RS : The riot.

Author : Yes.

RS : That's true but it was not about the salary. It was about cultural factors. First, things that should be seen, Indian, their body language cannot be accepted by Indonesia, because the body language of Indians with the left hand is common in their culture. While in Indonesia, using the right hand is better. The second one, Indonesians, when they are talking, the faces are normal but in India, it's all rocking. Well, in Indonesia, that's considered as teasing the people. I will give the example (practice shake the head like an Indian)

Author : Hahahaha

RS : Well, in Indonesia, it not accepted and in Indonesia, it is not normal. The last, that's the language mastery factor.

Author : If the person wants to join in here, how many languages should they able to do? What I mean is whether they able in English or ...

RS : Oh, that's why I said. It will return to job specification.

(log in again a few minutes later)

RS : So if we talk about this pyramid career, from the pyramid career, we will get some elements, they are length of service or working period, education, and experience. Experience is considered a real service anyway. Actually there are two. The term of education is skill. Well, have you ever seen job vacancy?

Author : Yes, I've been.

RS : For example, it is needed the operator, male or female, the age is 25 years old, the maximum of education is senior high school, then experience of working period is 2 years. The person should be master in computer and also able to work under pressure. Right?

Author : Yes. It's a must.

RS : If we define them, it means it is asked about the age, education, experience, skill, and personality. Well, what are the factors that determine salary? Age? No. Age does not determine salary. Education? yes. Experience? Yes. Skill? Yes. Personality is not. Do you understand?

Author : Yes.

RS : So, this is what we call the job specification but this job spec will indeed set the salary. Well, the job spec, it will be divided again besides these. They are work unit and the complexity of the task. What is the unit of work? This is (pointing table on paper). Is it main job or support? Then, the complexity of task, it is the number of their employees, then, the risk of their works and then the technology. Is that right? It's no problem if you want to add but here, the amount of workforce and the risk are decisive. If Commissioning, it is really the same as mechanical but why it could be? Because the risk is different.

Author : What is more risky, Sir?

RS : Of course commissioning. We can say mechanical is the installer. For example the blower of the ship like propeller, it is mechanical who install it, but, the rotation (of the propeller) must connect with the engine and the tower of the ship. It is commissioning who know and do it. Mechanical just limited on installing and connecting to the machine, but, for the rotation and the speed, it's not all science able to understand. Do the Indonesians who already get bachelor degree able to do it? Bullshit. Doctoral degree may not be able. Well, that's commissioning. Where should he learn? In Roll Royce, to get that knowledge. Indonesia has no one.

Author : Is the commissioning always from outside (another country)?

RS : Our locals exist, but they work in Dubai, not in Indonesia. Is Indonesians

unable to do? They are able but they're not applying here. They don't want because they are paid cheaper. Well, as a result, what are the problems in Indonesia? The problem of Indonesia is first, BNSP (National Agency for Profession Certification) does not work. How? Secondly, we never make competence. In Indonesia is called Competency, Salary and Benefit Standard. The only one who has the Competency Salary and Benefit Standard is IMO (International Marine Organization) but this is only for seafarers only. So if we have a seafarer, if he has been got the IMO standard, wherever he work, whatever his Nation, if his position is this one, his working period is this, your salary will be like this. It is because the IMO has made by its own, it is not waiting for BNSP. Indonesia only has UMK for this. And this is only called as safety net. So the key, maybe also need to be added. We do not have the competency salary and benefit standard, for our profession except sailors. Why? Because BNSP is not running. If this BNSP is already running, Inshaa Allah the expatriates will be reduced in Indonesia. Then, The expatriate's integrity factors we should also distinguish, firstly, it is their discipline. Expatriate tends to be more disciplined. Why? Because he works in another country, he will try to maintain his job. He will expect his contract on the next year will be spliced, so his work is disciplined. What about Indonesian people? When they are permanent, they start lazy, but that's an extra. I cannot mention for this as differential expat and local. In determining the salary, personality factor has a small role. Why the (salary of) expatriate is higher? It is because we assess his personality and integrity. Expatriates rarely do corruption here. How about Indonesians? When they hold position, they start flirting with the subcontractor and supplier. So job specification that becomes the determinant of salary divided into 5, they are age, education, experience, skill, and personality, but which affects the salary is excluding age and personality. This personality is only for expatriates while for the locals I think it's not really important. In Muka Kuning (the name of area), I think it (personality) is important because they use the speed test which is like that psychotest. Here, we don't have it because it's not important. What we need here is experience, education, skill and knowledge only.

Author : Sir, I have a question that is too far, I want to know, what is the reason this company employs expatriates worker?

RS : That's it. We have jobs that cannot be done by local people, such as equipment, the technology, and mastery of the language. They are more competent in that field.

Author : It seems like you explained the compensation component provided for the local workforce only. What about the expatriate worker, Sir?

RS : Actually, the compensation components of expatriate and local workers

are same, which may be different is housing, such as dorm, then, we provide the ticket to leave and back from their country.

Author : Sir, back to the question of the riots. How to solve the case?

RS : Yes it was taken to the police, it has been released. Continue on deportation because that's not proven.

Interview with Mr. IRD (Local Workers)
Date: Friday, 24 February 2017
Time: 11:00 WIB
Location: PaxOcean Graha Trisaka Industri

Author	:	May I know what your position is?
IRD	:	Senior engineer
Author	:	What is your job description, Sir?
IRD	:	For example we get an order job from anywhere, so I'm the one who coordinate my members. I told them to work like this, and bargain price of goods for so many rupiahs or dollars. Then, I'm also checking my member's work, so I should check the results of their works. In general, (my job description) to co-ordinate the engineering department with other departments, or engineering department with vendors, or engineering in Batam with engineering in Singapore.
Author	:	What is the difference between your position (senior engineer) and regular engineer position, Sir?
IRD	:	In the principle, he (engineer) is still processing drawing, then, also checking the assistant engineer and drafter's works. However, the job of engineer is more limited, it's still around in his main job while senior engineer is already rather broad, he must coordinate with Tripartite for example. That's why I say senior engineers are more like coordinating.
Author	:	How long have you been working here?
IRD	:	4 years nearly 5 years.
Author	:	Is it permanent (workers), Sir?
IRD	:	Yes it is permanent.
Author	:	So before working here, where do you work, sir?
IRD	:	Initially in the contracting company, only 6 months, afterwards in the consulting firm. It's still in Batam, about a year more, after that (working) here.
Author	:	What is your last education, Sir?
IRD	:	Bachelor degree.
Author	:	Majors?
IRD	:	Naval Architechure.
Author	:	University?
IRD	:	Hasanuddin, Makassar.
Author	:	So you've worked in other places before and what decides you or drives you to work in this company, Sir?
IRD	:	Actually, it's because of the project. The first time I want to join, there is information that this shipyard will build a large ship. The ship that will be made is the first type of ship in Batam, so I'm

interested. Okay, I want to join in that company. I want to find the experience there because if our main motivation is salary, I think I receive bigger (salary) in my past working place than here, but, at four or five years ago, my orientation had not the salary. What I mean is like I want to learn, so I want to enter here.

Author : Where are you originally from, sir?

IRD : Sulawesi. The orientation is project for learning.

Author : What is the orientation now?

IRD : Hahaha. Now, automatically is learning, it's the same, but the rest is salary.

Author : May I know how much is your salary?

IRD : Should you know? Hahaha. Actually the salary here is not big. It's still in the wage standards of Batam which is called as minimum wage. However, because we are here supported by overtime, so, we just pursue the overtime. This means that if the gross income received by us is above 10 million, it means it already includes with overtime.

Author : How about the basic (salary)? Is it not that much, sir?

IRD : It's not. The basic salary is not too big. For a big shipyard and offshore, the standard of basic salary is not big.

Author : As I know, here, the employees are divided into unskilled, semi-skilled, and skilled. Well, what do you think you are?

IRD : Actually, for engineering, it should be skilled because his job is not everyone able to work, it must be educated, because his job is very critical. Then, for here, we are equipped with training. So, in the principle, the engineering should be skilled.

Author : You are the engineer in what part?

IRD : I used to go early in naval architect, the basic engineer. It means to design. I got the promotion and become a senior engineer. So I'm no longer in specific to one part only because my function here as a senior which means to coordinate everything. Our internal, piping, electrical, everything. After that, I bring the result of coordination, we make it (the results) as a job then we will submit it to Tripartite or to other department. So, I'm no longer in specific (part).

Author : We back to compensation, Sir, what else compensation given by the company other than basic (salary)?

IRD : Overtime, surely. After that, we are given the meal and transport allowance by the company.

Author : Other than that?

IRD : We get THR, then, there is a reward for 5 years or 10 years, it depends on the working period.

Author : Have you got it?

IRD : Not yet.

Author : Sir, I know there are many expatriates here. What do you think the quality of those expatriates? In terms of skill.

IRD : In term of skill, we are same. In fact, many of our people are greater than them. I think we are greater compared to them.

Author : Because many companies say that expats are better than local ones.

IRD : No. At first, maybe a shipyard, they recruit (workers) from the outside because for transferring the knowledge. Just as time goes by our people also already skilled, already great. So, for now, I think our people are more okay.

Author : So in your opinion, the expat people should not be there anymore, Sir? Hehehe.

IRD : In terms of work, it should not be there anymore. There is one more side, named psychological side. Because we are commanded by local people, if we are commanded by local, our worker psychology is usually thought "wait a minute, sir" but if expatriate that is commanded "you have to do this and like this" our workers will be more encouraged and motivated. Then, in terms of ... I do not know, maybe in terms of marketing, if we have expat workers, we will be seen as more "wow" by others. At the time may we do the tender project or whatever, there is worker named Gopal or Chen or anyone, right? Maybe there is a little selling point. Well in terms of technical, I do not think it's using the expats. I speak in terms of technical because I'm a technical person. In my opinion, it is not necessary (using expats). We also can (local workers).

Author : Have you ever complained to management, like HR?

IRD : Not really, if I answer personally, because so far, it does not offend my pride and dignity, it's up to management. If you want to recruit (workers) locally or expat, the important thing is that he can work. That's all.

Author : What do you think about expatriates in this company? Can they work, Sir? I mean, there’s no bad behavior?

IRD : It means we score them individually, right. If I individually, there (expatriate) must be a good at working, there is not good at working, there are just repeat the course, there is only Alibaba (carelessly). Even the local and expats were like that, they are same. So I say in this side, we do not have to use the expats, we (local) also can.

Author : Back to compensation, sir. Is there or not any requirement to be done to get the compensation you described earlier?

IRD : If basic (salary), it must be get. Hahah. If OT (overtime), it overtime depends on the needs of the project, for example there is a project and it should be completed, we automatically have the

income. For a 5-year reward, it depends on the working period. If the meal allowance, it is normal. Then, one more, there is attendance allowance. To get this attendance allowance, the workers should be present until 100 percent and should not be late for a month.

Author : How much do we get attendance allowance?

IRD : Just a little. The more increase his position, the smaller his attendance allowance.

Author : Alright, Sir. Are you married or not yet?

IRD : Already.

Author : It means that the gratuities such as allowances for wife and for children exist. Is it right?

IRD : No.

Author : Oh, so you don't get it?

IRD : Not exist. Just normal. Such benefits are for government agencies. If we are private, it's not like that. Professional, right?

Author : If suppose the wife gave birth, did the workers get it from the company?

IRD : Actually we are on the covered by BPJS, which is our BPJS money distribution is already set. The company is paying some percent and we are paying another percent. So, the company helps us through BPJS indirectly. If they help us directly, it means they give money to us face to face and say "this is money for you because your wife gives birth", but here, the fact is the company helps us indirectly, so they pay some percent and we pay another percent.

Author : Sir, if I ask about your own performance, can you judge it or not?

IRD : Hahaha. What are the indicators first? Usually the first indicator is how many our works are corrected by our boss, and how many our works rejected by our boss. Initially, I entered here with two years of work experience, so I'm not a fresh graduate. After that I worked here. Because we are in a new place, so we have to adjust ourselves to the environment. In the beginning, I came here as a regular engineer. I was working so hard at that time. After two years became a regular engineer, I immediately became a senior engineer. It means I do not assess myself. If assess myself, I will say myself is ok because some of the other friends are still as engineer and assistant engineer although they already work a dozen years. I do not know what the key is so it can be like that. I think maybe it's our acceleration, how's our acceleration from the beginning until this point. If we work stagnant and no change, we can't (advance).

Author : According to you, what work achievements have you achieved during work here?

IRD : All the projects that I hold become my achievement because all (projects) finished on time and no complaints from other parties. I cannot mention the project one by one because it is too much, especially combined with the repair project.

Author : How many total projects do you hold, Sir?

IRD : If the new building, there are 6 ships, if the repair project I cannot count anymore.

Author : Do you think your job performance is a benchmark for the company to pay the high salary to you? It's not only salary, but also benefits.

IRD : I do not think there is a salary increase there but it is perfectly normal. Hence, many people who have experience and achievement from our office choose to move to another company with a larger salary offer.

Author : Did they move to another shipyard? Or they moved to a company that is not a shipyard company?

IRD : Anywhere, the important thing is still in contact with the shipping world, it can be shipyard, design engineering consultant, and oil & gas offshore fabrication.

Author : According to you, what makes the other company pay more compensation than the GTI company?

IRD : They may pay for the benefits they receive from the employee. It means that if the user is satisfied with its performance then it should be appreciated.

Author : Does it mean such a thing not exist in the GTI company, sir?

IRD : It exists but still lacking.

Author : As an employee, what do you want against the compensation already given by the company?

IRD : Automatically the work of employees should be more noticed. The company should learn why the workers out. There must be something to be fixed.

Author : Are there any obstacles or challenges you face while working here?

IRD : Definitely, originally Language. Initially, I entered here my English is so bad. The more here my English is bad but not so bad. Hahaha. The language must be (obstacle) because I think there is no problem with ability and with Science. We can accelerate them, right? So it's Language. Here we are connecting with our expat managers, expat supervisors, our bosses in Singapore, so at the beginning for example, I am related to Singapore or other Countries and I have friend who is good at english then I told him to ask anything to them. As time goes by until now we can accelerate it well. So I think it's Language (obstacle).

Author : How do you chat to Singaporeans? You know the Singaporeans' English, right? hahaha.

IRD : Yes, I want to tell you a little story. I was a fresh graduate and interviewed in one of the shipyard in Kabil (name of area). In my head, the English that was used was the English (language) as I watched in movies. Then I was interviewed by the Chinese-Singaporean project manager. I'm surprised "what kind of English is this?" I was so hard to pronounce, so I did not escape there because I did not understand what he said because the accent was strange. A few days later, I was interviewed again at one of the seaports in Sei Lekop, incidentally I was interviewed by Myanmar people. The English of Myanmar people is like a mosquito (imitate the sound of mosquitoes) so what's this, right? I did not understand. So, at the interview, I did not answer English. I was still fresh graduate, my knowledge was still ok. I replied by using the formula, so in my answer the sheets of the formula was derived. Coincidence maybe his (Myanmar people) basic (education) was naval architect so we were matching. Okay. There, I passed but I did not take it because of salary issues. I took (the job) elsewhere. Once here, initially it (the informant's English skill) was still chaotic as well, just getting here, I can accelerate with their English. At first, our English (GTI Company) is a little bit to the British, then getting here, our English is Singlish (Singapore English). So we follow them. There is term like "when in Rome, do as the Romans do." So we follow (the Singlish). It's weird but how? I ever tried English with my brother in the village, he just laughed and said "do you speak English or Chinese?" so here (GTI Company), our English is like that.

Author : How important is English here?

IRD : Oh it is important, very important. Because of all the reports, all incoming emails, emails that came out are using English. Even in the conditions of meeting like this and in this room there is all Indonesians, we still use English.

Author : Wow, why? Is it for training the workers?

IRD : Not training, It's kind of ... maybe a habit ... I do not know it's a rule or not, but our meeting habits, for example we meet with people from overseas in one meeting production or project, many people expatriates there, we use English, so when we're meeting that are formal, not informal, although we are fellow local people, usually still use English. So, English is very important here. We are as good as anything here, where, if we cannot speak, cannot hear, we are zero. Our people are great, lots of great, the barriers is in the language.

Author : If I ask about management here, how is their style in communicating with the employee?

IRD : Management… may be because I have been here for a long time, so if I communicate with management people from the bottom up to top management just like normal.

Author : Like a friend?

IRD : Yes it can be said like that or with older person just like a father and son. For example talk to Mr. Darsono (HOD Human Resource Department) is more like child to father.

Author : Is the kinship is tight?

IRD : Yes. We are friends. For familial issues we are ok. We're same (the kinship) with the field people and management people. It's fun here.

Author : Is there any problem here, Sir?

IRD : If in the world of work, the problem surely exists. The most important thing is the way out. The problem exists, the way out is available, it's normal in the world of projects, in any world. The problem must be there. The important thing is it can be finished or not. And so far it's all done.

Author : What is the approach that company did in resolving the problem earlier?

IRD : There is a union. So the company facilitates it, facilitates unions, prepares them a special room, union space, then, if there are recent issues about the world of work on salaries, UMKs, UMRs, UMS or national issues that have to do with the world of work, the company will invite the union to discuss, find a way out from both sides.

Author : Did you enter the Union?

IRD : I entered. So far the company is very facilitate that if there are differences of opinion, they will prepare time, prepare space, so we can run. At the time, there are layoffs, ordinary employees are demanding a lot, and the demands must be submitted to top management, top management submitted to people who have the company. So the management here facilitate, they accommodate. And I think so far the communication is going well. I'm not licking. Hahaha.

Author : Are there such emotions, Sir?

IRD : Yes it is natural to be emotional because we discuss, we dialogue, there is emotion is reasonable, just the ending is like what. Can it be finished or not. That's normal like that. Moreover, the workers are working in the hot weather, for example like a field man. If he talks passionately, that's natural. It's normal and the behavior is not up to the realm of law. Their head is already fresh when they are

out from this room because there is a conclusion of the discussion.

Author : Is there any hurt feeling, Sir?

IRD : Oh, nothing for me, I do not know if other people. Obviously if we have agreed that means everyone has agreed. Moreover we are not using consensus, we are voting. Everyone is in agreement, okay.

Author : Does the company support employee career development or not?

IRD : Oh, of course.

Author : Is it evidenced by?

IRD : Training.

Author : What's that training, Sir?

IRD : So many training they held for us (in engineering department) but I don't know in other departments. In engineering, six people of us are sent to school in Singapore. What I mean is like a course to Singapore for six months. I went to Singapore for having the course for six months. We were learning about software and later we apply the science to Batam. Then, there was also safety course. It will automatically support our career in the future. Because we are given a certificate even when we are in the course, if internal safety training is not given (certificate). For the courses that out of Indonesia such as Singapore, honestly, at that time we were paid 120 million per person and the company wanted to charge it for develop our career, but we are bounded.

Author : Is it just for the certain people or not, Sir?

IRD : Yes, of course. It is the selected people.

Author : What kind of selected person is that?

IRD : It seen from their performance. If the performance is okay, then, their acceleration from the beginning of work until at that time were okay, he will be selected.

Author : Have you ever felt that?

IRD : Yes.

Author : How many times, sir?

IRD : Once. My other friends were given a Software to be learned, but me, I got three Software at once. So, the company is very supportive about that. I confidence about that because I already felt it.

Author : If we go back to the expatriates, is there any social jealousy between local people to their own expats in the term of salary? It is because many people say that if the expat is usually given the high salary.

IRD : Yes of course.

Author : Is there any social jealousy?

IRD : I think that's normal. Like this, our performance (local workers) may be said better than them, then, they receive higher salary

while we as local people, have many abilities but the salary still the same, not changed. Jealousy definitely exists. However, do not let the jealousy decrease our existing work performance. If their (expatriates) performance is more good (than local workers), we agree but if for example the performance is the same then he has a bigger salary, I think the jealousy exists. It's normal.

Author : Would the local people make the effort to keep their salary equal to that expat?

IRD : If we still stay in the same company, I think it is rather difficult. Because Indonesia has a standard of UMK, UMS, and so on. Our standards have been far away from them and I think the salary is little increase while they are far from us. So, we just accept it. We fight in UMK. But the company still gives us the salary increase by appraising our job and it depends on our performance. However, once again I say, as far as I know, it (salary) will not be as big as expatriates. So I think as good as anything we are, we will not be as big as them (the term of salary). Even for example we have position until the manager level and they (expatriates) are still at the supervisor level, their salaries are still bigger.

Author : Why, sir?

IRD : I do not know. That's the company's policy. I do not know why it can be. It's company policy. It means we are here as a worker "you want it or not? If you do not want it, just find another place there." roughly so.

Author : But we demand our rights. hahaha.

IRD : Yes, here, the rights are met. In this company the rights are met. Salary is never late (to be given), and fair. Rights are fulfilled, only if we value from the other side meaning from our comparison side with expatriates, it is far away. The work may be better in us, however, the higher salaries is in them. Hence, if there is a sense of envy is reasonable.

Author : From what year do you work here?

IRD : 2013

Author : When this company is still DDW or has become PaxOcean?

IRD : Transformation. Transformation from DDW to PaxOcean. So, those people are already on the layoffs and new employees are recruited. I entered. So when I entered, it already becomes PaxOcean.

Author : Have you ever been to PaxOcean in Singapore?

IRD : I've been. When I was trained for six months.

Author : Is it same or not with PaxOcean in Batam?

IRD : It's same. All of the works are the same, the different is just salary.

Author : Are you there given a salary? Or just training?

IRD : Given. We are given a local allowance. Then, we are given another allowance and we are also financed there.

Author : How much is the minimum wage there, sir? Here, the minimum wage is 3 ...

IRD : 3,2 million?

Author : If in Singapore, Sir?

IRD : I do not know. There is no minimum wage there.

Author : How is their system there, Sir?

IRD : Just the salary as far as I know. I am not officially also but I know, as I know, the assistant engineer given 2500 Singapore Dollar, getting up his position, he got about 3000, 3500 Sing.

Author : You are senior engineer, right? If for example your position is one level up, what's your position?

IRD : Assistant manager, maybe.

Author : Is there a chance to get there?

IRD : Yes, I think there is. If our company is fair like this, I think there is. Because in general my work is already a job for the assistant manager.

Author : How long does it take to be a senior engineer, Sir?

IRD : Two years only. Two years work here.

Author : How come, Sir?

IRD : Working. Learn from mistakes. Initially I entered here ... I am a little story yes, I made one big mistake and my mistake is known all by management here. I think my boss has been angered by his boss. After that my boss called me personally. He was angry as angry with me. I almost cried.

Author : What's the problem sir?

IRD : There is a problem with the image that is wrong and also in fabrication is wrong. I almost cried and I think I was crying. So in my head I came out of the boss's room with my resign letter. I've worked for two years, I've never made this way. When I sat down, my senior said "You do not need to resign, if you do, it means that is your actual limits. You cannot do anything again, you've stuck there." So, I thought about it. Actually the problem is because I have never worked for that part. Initially, I was working as a designer, a designer is the one who draw, who make something, while what I made is already like a smaller scopes, so there is a difference. Then, we keep silent. At that moment, there was the urgent work and the boss needed help for such calculations. The boss gave me three days. "You finish it in 3 days". I finished it 15 minutes using the software. He was shocked, he gave again, two days. I completed many minutes using the software. Immediately he asked "why are you so quick in finishing it? It's the hard job. I

give three days but you do it just a few minutes." I said this work is easy but I can't do the given work before because I never do that work and suddenly I was told to do it, so I was confused. From there, the boss knows "oh this kid's ability in this part, not in other part." Here, I learned my disobedience too. Besides I have advantages in some fields and I should tackle my advantages. We learn from mistakes. If we are wrong, we should confess it and don't fight it. Just say "yes I am wrong." If we are scolded, yelled, just accept it. Do not stop there, we should jump.

Author : But there are those who are treated like that and getting down.

IRD : Yes, there is. I almost like that one. That's normal. Just how we are bringing ourselves.

Author : I think two years includes a short time (become senior engineer), Sir. hahaha

IRD : Actually, it's not me who judges it includes a short time, others who judge. Because there are people who earlier, now they are out, the group of layoffs before, they have to senior, have been here 10 years there (senior engineer) but cannot be in upper level.

Author : Sir, you have been working here with new people as well. Well, what do you think the MNA is like?

IRD : He is good. Very good, as expected. All work is done on time.

Author : You are close to the MNA, what do you think about his motivation or encouragement to work here?

IRD : Get a job as soon as possible after graduating from college. He's a group of recruits from the GTI to the UNDIP college of Semarang. So there are job opportunities, why not try.

Author : If from work performance, Sir? What has the MNA achieved?

IRD : So many. Same with what I get because we are all always involved in one project.

Author : Sir, Is the MNA getting promotion or not?

IRD : He got it. He was originally assistant engineer then now an engineer.

Author : When it comes to expatriate workers such as UPC and SDR, what do you think they are?

IRD : They are also good, willing to help. We need them, they help.

Author : What is their motivation to work here?

IRD : I think it's the same with local workers.

Author : How is their performance, sir?

IRD : The same. The appreciation is different because they have a higher income than local workers.

Author : What do you mean the appreciation is like? Appreciation in the form of financial or non financial?

IRD : Financial

Author	:	Oh, I see. If I can know, what is the non-financial appreciation given by a company?
IRD	:	Promotion and increases in grade.
Author	:	What is grade increase?
IRD	:	Same as civil servants, like rank.
Author	:	What's the difference with the promotion, sir?
IRD	:	The point is the comparison between some workers although the same grade but not necessarily the same level.
Author	:	What are the benefits if our grade is up, sir?
IRD	:	There is a salary adjustment, and ongoing BPJS time is not required, high grade can get VIP health facilities. If it's maximum grade 1 for the hospital.
Author	:	Sir, are expatriate workers also given training? What kind of training do expatriate workers go through here?
IRD	:	There is also, generally internal training such as safety training.

Interview with Mr. MNA (Local Workers)
Date: Friday, 24 February 2017
Time: 13:00 WIB
Location: PaxOcean Graha Trisaka Industri

Author	:	What's your position here, sir?
MNA	:	Engineer.
Author	:	What does your job description look like?
MNA	:	The engineer, if for the shipyard, we provide images for production, supporting production for problem problems in the field, then to support to production because we don't have the basic design. If the basic design we are designing the ship from the beginning but here, we do not exist.
Author	:	Why do not exist, Sir?
MNA	:	Indeed from the company. We mostly use the consultants. And that's usually the owner who wants to make a ship, from the party who want to make a ship that asks.
Author	:	How long have you been working here?
MNA	:	Two years.
Author	:	Where do you work before?
MNA	:	This is the first time.
Author	:	Oh, so you've never worked before?
MNA	:	Not yet. I graduated from college directly work here.
Author	:	Oh, what year did you graduate from college?
MNA	:	2014
Author	:	What year did you go to university?
MNA	:	2008
Author	:	What department (major), Sir?
MNA	:	Naval architect.
Author	:	In what university?
MNA	:	Universitas Diponegoro, UNDIP Semarang.
Author	:	Why do you choose this company to work?
MNA	:	At that time, the company held recruitment to my college and I tried to apply, then I was accepted. So, this is my first place to work.
Author	:	So is it just for making experience, Sir?
MNA	:	Yes, it could be.
Author	:	What about salary, Sir? Is it what drives you here?
MNA	:	Not really anyway. Because the salary that given at that time was standard for fresh graduate. The second one is this company. The name was Drydocks at that time and it was famous. The first time I applied a job, there was a lot of information about Drydocks. So, I coincidentally accepted by the company and I didn't leave it.
Author	:	Sir, what compensation you received here other than basic salary?

MNA : Overtime, crafting money but I don't know the name. Every month it exists. Then, money to eat, from health is also available but is it part of compensation or not?
Author : Yes.
MNA : Yes, it's a health benefit. Yeah that's it.
Author : How about transportation? Is it available or not?
MNA : I live in the dorm here, so I've got this dorm facility and no transport for me.
Author : May I know, how much is the amount?
MNA : The amount for what?
Author : The salary you receive per month.
MNA : Is it average or basic or what?
Author : If it already added the others (component of compensation), how much is it, Sir?
MNA : If it's already added to others, suppose we come to work on Saturday, we will get around 6-7 millions.
Author : If it just a basic (salary)?
MNA : For now, the basic is between 4.5-5 millions.
Author : Is there any requirement given by the company so you can get it all compensation? For example, the conditions should be like this and like that.
MNA : Not really. Overtime depends on the project. If there is the project that needs more time, we take the overtime. Sometimes, there is also additional job suddenly, so we can take overtime too, or we have the short-term projects and we want to pursue the preparation, we also can take overtime. It's in engineering department.
Author : According to you, the compensation you receive which is viewed by the company depends on your performance in the work or maybe there is seniority or maybe it already has a wage scale structure, so the company just gives it?
MNA : In fact there is already a structure. For S1 (Bachelor Degree), the salary is a few dollars, for the beginning is a few dollars and so on. Then, if for others (additional compensation), it depends on experience. So, the company which judge it, it's judging how far the experience is. So, if for fresh graduate, for initially, it already has its own rules. I mean the standard.
Author : When you were fresh graduate, have you already received 4 or 5 million?
MNA : Not yet.
Author : How much you got when you were a fresh graduater?
MNA : Initially, for here, it was 3.5 million.
Author : Well, your position is as an engineer. When you entered, did you already directly in the engineer or still below (position), Sir? Below the

engineer.

MNA : Every fresh graduate definitely start from an assistant engineer. Anywhere. So, in any shipyard engineering department is definitely an assistant engineer. Later on become an engineer, then, senior engineer.

Author : So, in these two years, you got promotion position.

MNA : Yes, Alhamdulillah.

Author : Does it include a short time, sir? In two years.

MNA : Two years ... not really. That's normal. If from the assistant to the engineer, that's normal. And actually it depends on the project. The more crowded the Company's project, the more performance of workers. So, it will be faster (getting promotion).

Author : But right now the company is "lethargic" right?

MNA : Very lethargic.

Author : How's the performance going on? Hehe

MNA : Yes as it is. We still have the project anyway, so maybe take it from there. There are also projects from PaxOcean, from Singapore also. They are so like asking for help to us, yes we are working here, then we send there. Because if everyone do the project now, manpower will excess.

Author : Have you ever received training, sir?

MNA : I've been in training.

Author : When is it?

MNA : Early. In the beginning of the year when I join here.

Author : What's form of the training, Sir?

MNA : We are (training) software.

Author : Is it the training which the workers sent to Singapore, Sir?

MNA : Yes.

Author : Oh, so, you also include there? Hehehe. Is it just for a selected person, Sir?

MNA : I do not know anyway. I was just appointed only.

Author : How many people at that time, Sir?

MNA : Three people.

Author : Is there or not a change in your performance after the training?

MNA : Yes, there is. One side, it's like we work by using the software so the training is useful. It's also improving our experience.

Author : Is there also certification, sir?

MNA : Yes, there is, but in management. It brought by management and I have not seen yet anyway.

Author : Are you interested to switch jobs?

MNA : Definitely I'm interested.

Author : Is it because the shipyard company already lethargic right now?

MNA : It must be. Moreover, I'm actually interested in moving to Java but

you already known, the company is being lethargic like this.

Author : If in Java, where is it (working), Sir?

MNA : Oh, so many in Java. Jakarta, Surabaya, and Cilegon exist.

Author : Do you also want to work in the shipyard?

MNA : It can be in shipyard, it can be in EPC or Engineering Procurement and Construction. So, the difference is if shipyard company we just make a ship. If it's an EPC, it's like off-shore domains, then, power plant, that's what it's called EPC.

Author : For you, for the past two years, what accomplishments have you accomplished?

MNA : Yes achievement is more involved in completing any project. There used to be a project that was a short time project for six months. It needed six months to complete and yes we can. Then, there was the experience to work on building a rig because at that time I still got it, Alhamdulillah. It is also my work achievement. So, this software is also become my achievement because the output of this software is we can directly draw the field. The name of the software is soft drawing, so we do not need to make it hard and take a long time. By using this software, we input all sorts of data and we make it, then, we can produce those outputs, so it's faster. The important thing is that not everyone can do the same here.

Author : Who are the people who can do it, Sir?

MNA : It’s only those three. Others are not yet given the training but they know about it. In this company, in piping and electrical department, there is one person who able to use the Software because those departments also use the Software to do the job.

Author : Is it the Indonesian people?

MNA : Yes. It’s Indonesian people.

Author : What about the expatriates, Sir? Can they use it?

MNA : For expatriates here who can only (use) are people (working) in Singapore. There used to be one (person). Oh, I forget, there is still one now. There is for electrical. For the construction, it’s just us.

Author : Are there any obstacles, Sir? Obstacles to achieve the job performance that you have accomplished earlier.

MNA : Yes, there are. We are working with people, right? So, it must be a crash between productions and engineering department. So I think we must be smart to work indeed and communicate with them.

Author : So far, how is the communication, Sir?

MNA : Good. They support us, we support them.

Author : Sir, do you enter to this company when the company’s name is already PaxOcean?

MNA : Yes, PaxOcean. What I mean is transition. The pure name of PaxOcean is the end of 2014, if I'm not wrong. I'm starting from March, no, April. It's a transitional period.

Author : What's the difference between DDW (Dry-Docks World) and PaxOcean?

MNA : So many differences.

Author : What are the differences?

MNA : In terms of facilities only. In terms of facilities, I heard that there was canteen that served free breakfast, lunch and afternoon meal, but I never feel it because I'm a new workers.

Author : So, today, workers should pay.

MNA : Yes. That's the thing. Then maybe, but it's a secret. Maybe because of there is different standard between a Chinese company and a company that belongs to the Middle East. So, the standard (Middle East) is followed the Europe. The salary is also different, right? For now, maybe the Chinese will get higher salary. It could be.

Author : So, here, are there also Chinese?

MNA : Many. For engineering, it is just a boss. For others, it still in production.

Author : Which one is higher, Sir? Production or engineering? I mean the department.

MNA : I do not know too. Actually if it's from the task, (we) support each other. Production will not work if we (engineer) do not provide pictures or anything. Yes, we provide only pictures and there is no real enity if production does not make it. Maybe if for higher (department), maybe production is higher because the projects include in that department. So, all the people who are holding the project are there.

Author : Are there expatriates?

MNA : So many expatriates. For supervisors, I think they are expatriates.

Author : If in this department (engineering), how many expatriates?

MNA : For engineer, there are two. One in electrical and one in piping. And also the boss, it's manager anyway. He is expatriates.

Author : Is there jealousy among local people who in this engineering with expatriates in engineering, Sir?

MNA : For engineering, it does not exist. The problem about salary, I think it is already reasonable. There have own rules. But if the problems such as working or whatever, we have same ability. And we really support each other. They do not hesitate to give knowledge. They teach us the ways to complete the job. That's for engineering. But if for other department, I do not know.

Author : It means they are good enough.

MNA : For this (engineering), it's yes.

Author : Is it because they only two people, Sir? So, they are good hahaha
MNA : I do not know hahaha, but maybe because they are few, right.
Author : Why do you stay in dorm sir? Why don't you buy a house?
MNA : I don't think of the house now because I still want to work in Java and live there. For me, working here is just for my beginning, for my initial experience, so until now, I don't think of having house, but I don't know later.
Author : Are you married yet?
MNA : Not yet.
Author : Where did you come from?
MNA : Boyolali, Central Java.
Author : So, you don't work in Java, is it because at that time you've applied to this company?
MNA : Yes. But that time it was only this company which was available (to be registered), when I graduated and I accepted directly. Then, my parents are also allowed me.
Author : Does this company support to develop employee careers?
MNA : Actually it really supports. So this is remembering the time it used to be. So, at that time, the projects were very supportive. For example, for Indonesia, the company who made the rig project was this company. If repairing, it maybe other places able to do it but if for making rig, it was only here. That's the first. Second, this company is special for ships, the big ships, the construction and maybe its maintenance. The system is complex and then using equipment with sophisticated spec, that's it. Then, the experience of working with expatriates. It also has its advantages. So we know how to communicate with expatriates and how the development of the expatriates' knowledge. So, if we know about it, it means we get used to it. Maybe if there is a chance to wok overseas, we do not be surprised.
Author : Have you ever been placed outside?
MNA : Not yet. Just for training. In Singapore six months.
Author : Was the training fun?
MNA : The training was fun, but the things that not fun are many loads there. It's different with here, we are free.
Author : Sir, how is the familial relationship between management and employees?
MNA : It's good. If there is event, they (management) prepare by themselves, we are given an invitation only by sudden. If with the expatriates, they are welcome, they invite us, sometimes we also invite them. This is for the department of engineering, yes, if elsewhere I do not know. Then if for management like HR or others (department), there is no interaction

like that.

Author : Have there been any complaints about salary issues?

MNA : It actually exists. For the increase (in salary) is slow. That's all. Then if I think personally, still below the standards for other companies.

Author : Do you mean this company, under standard?

MNA : Yes. If for one year, two years from the increase. If for fresh graduate maybe almost the same.

Author : Suppose you go back to your town. Is the ticket covered by the company?

MNA : No. But when we joined firstly, it was on the cover. After that, there is not.

Author : Is there any difference in terms of the salary given to employees who are recruited like you with self-employed employees?

MNA : I do not know too. Here all are recruitment employees. So, I don't know about it. Well, for the fresh graduate here no one has applied. It's for engineering. So, I can not (tell) whether the same (salary) with mine when I joined here or not, I do not know. My position at that time was recruitment.

Author : Do you join unions?

MNA : No.

Author : What do you think about Mr. IRD?

MNA : He is good. His works is good. Then, if there is a problem, he shows good improvement.

Author : Can you give the example?

MNA : Yes if there is a problem about something, he immediately said "oh it's better like this". He's here because he has experience. He was already in the consultant then discharged to the shipyard then joined here. So, actually there are many things we get (from him).

Author : What kind of work achievement does Mr.IRD have?

MNA : If the achievement, maybe we can see him from his position. He's in a higher position. He's fast-learner, what I mean if there is job or new job, he's directly able to do it. Yes maybe that's because his experience has been a lot than me, he becomes more responsive.

Author : What if the expatriate worker, like Mr.UPC and Mr.SDR, how's their performance?

MNA : They are also good. My senior, right? They have been work longer than me like Mr. SDR. So, he has a lot of grasp project, right. If Mr. UPC, because he is assistant manager of engineering, he works well.

Author : If I ask about the motivation or encouragement of Mr. IRD works here, what is his motivation, sir?

MNA : Mr. IRD was once from the consultant then join here, yes it might be

motivation to develop ability. Because if we're working in the same job would have been bored too, right?

Author : What about Mr. UPC and Mr. SDR?

MNA : I do not really know because it depends on each person's self. But if in my opinion, they can work here because the central company that employs them here. Yes it may be because of it. But maybe also a salary. You've known the salary of expatriate workers seems higher than us. Yes, maybe they are paid higher so willing to work here.

Author : I move to the next question, if we do a good performance, is there any appreciation from the company?

MNA : Yes, there is, like the annual appraisal. It's our report.

Author : What is it given, Sir? Pin? Or what?

MNA : Oh it does not exist. Oh, that's for our loyalty. If I'm not wrong, it's for 5 until 10 years of working period. We got the gold coin.

Author : It means you're getting it soon.

MNA : Yes, if I'm still here hahaha.

Author : Hahaha, why do you say that, Sir? Are there any signs of not being here again?

MNA : Hahah. No, we do not know, we are also looking for a career.

Author : If we are leave, do workers get a salary cuts?

MNA : No because it (leave) is our right. Unless we take unpay leave, it is indeed for a holiday, there is a pay-cut. If the leave, it is the annual leave of employment rights.

Author : If we are in the beginning of working (few months of join), we are not getting the leave? So, when will we get it?

MNA : It's like this. There is little difference between here and the others (company). In general, we work after one year can get the leave, get 12 or it means one month we get 1.

Author : What's the meaning?

MNA : Suppose we work in January, we are working and then it's done directly. So we get 1 holiday leave. February get 1 more leave. It's usually accumulated, so after a year's work, get 12. But it's different from here. Here, we join 3 months, we get 12 instantly. Our system is like real debt. So we do not need to wait a year and then get the leave. We only need 3 months and we can take a leave.

Author : If you want to work outside Batam, what company do you want to join?

MNA : I do not know why I want to work in an EPC company. I am sad to see the condition like this. If the EPC is common, it's the same, it's also construction, but it's general (job). If for physical goods, there is always a project. If the shipyard, you know what's like now.

Author	:	So, now what's the project, Sir?
MNA	:	Now, the project is the tugboat from Pertamina. The owner is Pertamina. Tugboat is a small ship. Its function is to pull a large ship, to direct the large ship to go to the Port, to push it to wear it. Usually to pull barges. It is much used in Port. Like that project now.
Author	:	From the beginning you join, the project is just that or something else?
MNA	:	No. It's just for this year.
Author	:	How about last year?
MNA	:	Last year there was a floating dock, there was a tanker, there was a tugboat as well. In the beginning, it was still 2 decks until half a year, in 2015.
Author	:	Are you given a bonus production, sir?
MNA	:	It's not available. Unless there is a ceremonial. So the work is finished we have a celebration, we're eating anywhere. It does exist but if the fee, it doesn't exist.
Author	:	Maybe that is a replacement (of the fee).
MNA	:	Maybe yes, hehehe.
Author	:	Is there any wage reduction here, Sir?
MNA	:	I never know.
Author	:	Have you ever been in position A suddenly dropped to position B?
MNA	:	So far I have never known.

Interview with Mr. SDR (Expatriate Worker)
Date: Wednesday, 22 February 2017
Time: 12:00 WIB
Location: PaxOcean Graha Trisaka Industri

Author : So, where do you come from, Sir?
SDR : India.
Author : Have you married?
SDR : Yes, I already married and I have two kids.
Author : How about their age? ***(How old are they?)***
SDR : My daughter 4 years and my son coming 3 years. ***(My daughter is 4 years old and my son is coming 3 years old)***
Author : What is your job position here?
SDR : Engineer for electrical.
Author : May I know your job description here?
SDR : Job role and responsibility is like we are building something like electrical e-house or some process module. So, on process module, we need to infold electrical panel and cable tray like light ***(so, on the process module, we need to infold electrical panel and cable tray such as the light).*** So, to infold that one, we have to make some planning like support everything so make complete out ***(so, to infold it, we have to make some plans, such as support everything to make it complete)***, so now we are coordinating with engineering, and then fight team, to be well proper planning, then executive job like install support, cable tray installation, cable pulling, blending termination, then panel installation, carry out inspection, handle what to plan. ***(Now, we are coordinating with engineering and fight team to make good planning. Then, we have executive job like the support installation, cable tray installation, cable pulling, blending termination, panel installation, carry out the inspection, and handle everything in planning).*** So if any issue, we'll communicate with the plan and fight to solve the problem. So, this is my role and responsibility.
Author : What are the things that encourage you to work in this company?
SDR : Yeah they give me responsibility, approaching good bosses, so commitment, self commitment. I got some self commitment of work, so…. This like boss gives me some encouragement and giving some responsibility to work, so I'm happy to work here. ***(They give me responsibility and the Chairman shows good approach. So, I got some self commitment of work. It is like the Chairman gives me some encouragement and gives some responsibility to work, so I'm happy to work here.)***
Author : Before you work in this company, do you ever work in other company? In Batam also.

SDR : In Batam, no. Singapore I work about 10 years. So I have experience in Singapore 10 years. ***(In Batam I never work in other company but if in Singapore, I've worked about 10 years. So, I've experience in Singapore for 10 years.)***

Author : How long do you work in this company?

SDR : In this company, now, I work about 4 years. ***(Now, it's about 4 years)***

Author : Do you think that company gives you career?

SDR : Yes, now, yes I'm getting, but some cases, here and there, it's still ok for me. I'm happy to work, so they give me some opportunity to develop myself. They give some competition, so I'm happy. No problem. ***(Now, I'm getting (the opportunity to develop career). In some cases, they transfer me to here (Batam) and there (Singapore) but it's still ok for me. I'm happy to work, so they give me some opportunity to develop myself)***

Author : Where do you live, Sir?

SDR : Around this company. ***(I live around this company)***

Author : Do you live with your family here?

SDR : No, I'm living with my colleagues, I mean alone. Firstly my family here ***(Firstly, my family is here***), but now they go back to India. They're staying in India because my daughter went to school. There is my daughter school in India.

Author : May I know your process to be able to work in this company? The first process why can you work here? For example, you come from India and how you can go to Batam?

SDR : Okay. India, I working, after India, I come back to Singapore, so working in Singapore, Singapore office of this company. The company recommends me to work in Batam, Indonesia. I currently work here, so I'm working in here. ***(I was working in India and then I came back to Singapore and worked there, I mean I worked in this company office in Singapore. After that, the company recommended me to work in Batam, that's why I can work here.)***

Author : If I ask you about compensation that you receive, can you give little information about it?

SDR : Hahaha. About salary… what I doing, I'm getting my responsibility pay *lah*, but amount, I cannot tell you. ***(About the salary I just can tell you what I'm doing, I'm getting my responsibility pay, but I cannot tell you about the amount.)***

Author : Do you think it's enough?

SDR : I always say no, still I need more, but, still I'm nothing for company but I'm waiting for respond of company. ***(I always say no, I still need more but I'm nothing for the company. So, I'm just waiting the response of the company)***

Author : Maybe for the salary you can't tell me but would you like to tell me

about compensation that you receive besides salary?

SDR : Besides salary, I can say, company provides me competition and transport, that's all ***(Besides salary, the company provides me competition and transport, that's all).*** Then I got allowances by work some days like 20 dollars (1 dollar Sing is 9, 525 rupiahs, so 20 dollar is 190, 514 rupiahs), 25 dollars, something. I think that's only get by work, and nothing else.

Author : Do they give you apartment?

SDR : No, they give me individual house. Not apartment, e…. how to say, one house sharing with friends. My company colleagues. ***(They give me individual house. It's not apartment. How to say? It's one house but I'm sharing with friends, I mean my company colleagues)***

Author : Do you think the compensation that you receive purely based on your performance or seniority that they give to you?

SDR : I think everybody get same, not only me. It's not seniority, it's not performance. It's a normal practice, like the performance bonus, no That one, that kind of thing, I didn't receive anything. ***(It's a normal practice. If I'm given the performance bonus and something like that, I think I didn't get it)***

Author : Do you think it is based on level position, job position?

SDR : No. This is performance for everybody, not a job. ***(No. It's based on the performance of everyone, it is not based on a job)***

Author : What is your job performance that you achieve since you are working here?

SDR : Yeah, I have a lot of process. I have done, beginningly I've done GLG (the project name) process, like convention effectively, and there is one more project, there is auto marine, then one more ten e-house, then after that, we're doing in combo, then… yeah that's all project that I involve. I've complete it effectively, work handling and I'm happy for that. ***(Yeah, I have a lot of process. In the beginning, I've done GLG (the project name) process, like convention effectively, and there is one more project namely auto marine. Besides, there is ten e-house and we're doing in combo. That's all project that I involve. I've completed them effectively and work handling. I'm happy for that)***

Author : Do you have some obstacles that you have experienced in achieving your job performance?

SDR : Yes, of course. Everywhere there must be obstacle. Like sub contractor problems, may have some materials issue, some doing issue, my worker not performing well, all the mistakes will come back to me. So, I have to settle. ***(We will find the obstacles everywhere. My obstacles are the problem of the sub contractor, some materials and working issues, and my worker is not performing well. All of problems will come back to me so I have to settle)***

Author : How do you feel?

SDR : Sometimes must be sad, now, become happy that the job will come back, finish fully so… yeah lot of obstacles because the project is not very small, many obstacles, so we have to come forward from there. ***(Sometimes I must be sad but now I become happy because the jobs come back into the normal practice and it's fully finished. Yeah, those obstacles appear because the project is not small, so we have to come forward from them)***

Author : What do you think about the skill of your employees who have below position with you?

SDR : Skill…. Mostly they are skilled people, but sometimes we have to give guidance like how to do something, they know… like for example I have to guide, they are very well if I guide them, they are performing well, but normally need guideline for any job. So, I'm doing that to them, so they're being good.

Author : Do your employees come from Indonesia?

SDR : Yes, from Indonesia.***(They are from Indonesia)***

Author : Don't you have employees from another nationality?

SDR : From here, below with me, I only got Indonesia. Other colleagues, got India and some Chinese also. ***(For the people below with me here, I only got Indonesians but my other colleagues got Indians and some got Chinese)***

Author : Do you have Indonesian friends that have same level with you?

SDR : Yeah, I have.

Author : What do you think about their skills?

SDR : They are also bit ok, I cannot say they are low level (of skills), they're also ok, they can speak English well, technically they're also strong enough, they are also performing good enough. So, I can say they are good.

Author : Do you think the compensation that they receive and yours is same?

SDR : Maybe yes, I don't know exactly, maybe similar. Because I don't know what he get. This is like salary that I cannot tell you.

Author : What do you think about the culture of this company?

SDR : culture, like family culture here e… nice, because some gathering and the communication also good, people are nice like HR, finance, and everybody in the company getting each other, even project, internally our team like we got many discipline electric, fighting structure, painting… yeah we got family like family but there are still some misunderstanding there, so we are…. To resolve the problem but normally friend situation is ok. ***(The culture here is like the family. It is nice because there is gathering and having good communication. The HR, Finance, and everybody in this company are nice and we're getting each other even in the project. Internally, our team such as***

electric, fighting structure, painting and etc are discipline. We're like family even though there is still misunderstanding in resolving the problem, but normally the situation is okay)

Author : Do you think this company has any problems?

SDR : Problem, I cannot find anything, not major thing, minor, minor, small, small, yeah I find it. Every company will have, but for me I see no much problem here. Because we have good communication, communication is major one. ***(I don't find the major problem but I find the minor problem. I think every company is surely has it but for me, I don't see many problems because we have good communication. I think mostly it's about communication)***

Author : If there any problem, how do you solve it?

SDR : Yeah, normally related to the work, I solve with engineer, fitting, like the management issue, I will go back to management, like HR, finance, and I put it on them, then they will find the solution for that. ***(Normally, if it is related to work, I solve it with engineer and fitter. If it's about management issues, I will give it back to management, such as HR, Finance, etc. Then, they will find the solution for that)***

Interview with Mr. UPC (Expatriate Worker)
Date: Wednesday, 22 February 2017
Time: 10:50 WIB
Location: PaxOcean Graha Trisaka Industri

Author : Where do you come from, sir?

UPC : I come from India. India in Goa ***(precisely in Goa)***, Goa is the one of small state and far from India. I come from there.

Author : How long do you work here?

UPC : I've been working for last 3 years.

Author : What do you think about this company?

UPC : This company is supported by company in Singapore and top management in Singapore, they are supporting very good and company is very good ***(their support is very good***). And they can… all of guys working with good experience, even working with local still little experience but it's very nice, and they are really good people actually they give respect to our work ***(All of them is working with good experience although working with locals, I'm still lack of experience but it's very nice and they are really good person actually, they respect to our work)***. I like working with them.

Author : Why do you choose this company?

UPC : No, I never choose, just came in my way. Indirectly I'll be destined to here. ***(No, I never choose, it just came in my way indirectly. I'll be destined to work here.)***

Author : Your age is 32 years old, have you married?

UPC : Yes, I have one small kid. 3 years old. Today he's along with me, just came. ***(Yes, I have one kid and he's 3 years old. Today, he's here with me, he just came)***

Author : What things that encourage you to work here? I mean become the employee in this company.

UPC : Actually they make sense of good material goals, you have to keep on going, you keep on trying unique things, I don't know the reason but it's one of my encouragement to become the employee in this company. ***(Actually they make sense of good material goals. It means you have to keep on going then you keep on trying unique things. I don't know the reason to work in this company but it's one of my encouragement become the employee of this company.)***

Author : So, you come from India and then you work here or you're from India and then you go to Singapore or Malaysia and then you….

UPC : I work in Dubai for 6 months, yea, then I working in India for 2 months, and then I come back to Indonesia. ***(I worked in Dubai for 6 months, then, I was working in India for 2 months, and then I come back to Indonesia.)***

Author : When do you come back Indonesia?
UPC : In 2013
Author : May I know about your salary that you receive here? Hehe. Is it good or not.
UPC : Ok. It's good.
Author : Is it also enough for your family?
UPC : For the local, I think not enough for the family hahhaha but as an expat, the salary is ok.
Author : What is your job position here?
UPC : Assistant engineering manager.
Author : What is job description of your job position?
UPC : I handle the entire engineering department and under my control. So I made regular monitoring, controlling and everything little bit, then I'll report to my top.
Author : Then, what is job performance that you achieved since you are working here?
UPC : For the job performance e… nothing less ok if I only say but we have contributed to project and we have to complete it and viewer support it, the reason for not complete it that is related to self leader performance discretion you get the wrong service. That is self leader performance first. ***(For the job performance I think it's nothing less ok but we have to contribute to the project and we have to complete it. The reason for not complete it is related to self-leader performance discretion that you get is the wrong service. So, for me, it should be the self-leader performance first)***
Author : What do you think about your local friends?
UPC : I have some few local friends… we meet sometimes, yeah, ok. Good, genuine and being did actually we play more on the other culture and the other citizen include Singaporean and Indonesian ***(They are good, genuine, and actually we play more on the other culture and the other citizens include Singaporean and Indonesian)***. We work with seniority, consider like you respect people old. ***(We work with senior so you should respect the older people)***
Author : In the field, what do you think about the performance of locals?
UPC : They are good.
Author : Back to the compensation that you received sir, what is another compensation that you receive besides the base salary?
UPC : Beside base salary, we have dorm, transportation and food. Then yeah just it.
Author : Other?
UPC : It's already in allowance, package. ***(It's (other compensation) already in allowance. It's a package)***
Author : How about health?

UPC : Health… we get the insurance, we are not locally get the insurance. ***(In terms of health, we get the insurance but we are not locally got the insurance)***

Author : We back to the compensation again Sir, do you think that the compensation that you receive is purely based on your performance or based on seniority?

UPC : I think it is market based.

Author : So, is it not based on performance?

UPC : Performance comes later. The first is the market.

Author : May I know your latest education, sir?

UPC : I'm civil engineering from *** (the name of university)

Author : Do you have some obstacle when you are working here? Some obstacles that you already experienced.

UPC : No.

Interview with Mr. TKM (Government Representative/Head of Industrial Relation of Department of Labor)
Date: Wednesday, 01 March 2017
Time: 07:00 WIB
Location: Department of Labor's Office

Author : You are the Head of Industrial Relations, right? What is your detail job description?

TKM : The main job description of Industrial Relations is principally solving the labor problems, which relate to organizations, employers, and workers or laborers. Besides, the Head of Institutional Section also doubles as a mediator, well, the mediator's job is first to conduct guidance on workers and employers then make settlement, disputes between workers and employers, among workers with other workers, then, solve the problem of layoffs. So, the mediator's jobs are four. First is solving the conflict of interest, resolving the rights dispute, settle the dispute layoffs, resolving the disputes union of a company.

Author : Then, during this time, what are the problems that you have handled?

TKM : Generally, it's about the conflict of interest. The interest always insists the issue of wage increases above the minimum wage. Well, that's an interest. They ask for a raise (of salary), then about the employment agreement and overtime payment. Those are actually a supervisory obligation, the labor inspection division. However, for now because of the change of OPD (Local Government Organization), it named was SKPD, now OPD. Thus, by virtue of the authority to resolve the labor issues, all are left to authority rather than to industrial relation sections.

Author : Talking about UMK in Batam, Is every company different?

TKM : UMK is thorough (to all of Companies in Batam), so there is no difference. UMK (in Bahasa) is the Minimum Wage City, so the entire city of Batam, the entire company in Batam, must implement the obligations and pay minimal in minimum wages. They should not pay wages below the minimum wage. If the company pays the salary below the minimum wage, automatically it is already as violation. The violation is regulated in Ministerial regulation No. 78 Year 2015, there states that every company must pay minimum wage because if there is a delay in paying the salary, the company can get the penalty. So, every single day the delay (in paying salary) is (getting the penalty) 5% of wages. So, there is firmness from the regulation. Well, then in the preparation of the minimum wage is based on Ministerial regulation No. 78 Year 2015. In the past, before the existence of the Ministerial regulation No. 78 Year 2015, the preparation of the minimum wage is always associated with the three elements, they are government elements, workers represented by the Union, also from Apindo (Association of Indonesian

Entrepreneur). So, they often wrangle. To determine the value of the minimum wage, the government regulates the preparation of minimum wage as the economic growth is divided with inflation. So there is no pull out anymore. However, the workers want the Ministerial regulation No. 78 Year 2015 be alienated but the government can't do that because now we also make demands through TUN (in Bahasa).

Author : What is TUN (in Bahasa)?

TKM : It is the State Administrative Court. It means we ask to cancel the demands (of workers) but I think it's hard to be canceled, because the only thing to ease the problem of the wage issue is the Ministerial regulation No. 78 Year 2015. It's more even better. For what? Why did it arise? Because every year, the government has given the authorities to the parties to increase the wages annually, namely the best negotiation but the discussion tends to be noisy, tends to be violent, and tends to be anarchist. Well, this is what the government sometimes sees from it. Actually the wage, it comes from the agreement of both parties. It should be like that, but, the fact, until now, both parties have difficulties in doing the discussion. Because of what? The meaning of discussion is finding the solution, right? But the fact is not looking for a solution. So, it is determining the opinions or wants of each. It mean what they want, it must be fulfilled. It should not be like that. We can express our opinions but on the other hand we also have to see the ability of the company, right? What for if it (the salary) increases but two days later the company is close. Which one will you choose? It means the negotiation should result in solution, the best solution. If in this year there is no drastic in increasing the wages, it should be postponed first. At least there has been an increase, right? There is an increase, that's the most important. Now, here, the reality is not. They imposed the will and finally become wrangle. This is what we don't want because with a commotion in an area, especially Batam, the investors from Singapore, from abroad, if they want to invest here, of course they should see the safety conditions. As long as the safety conditions are not secure, they will not to invest their capital. They might think "why should I invest my money there? There is a commotion, my capital will be lost." Therefore, there are some companies this year will invest in Batam, 6 foreign companies that will enter to Batam, because of the commotion, demonstration conducted by the Union, so they postponed it. Until now people who invest also has not come yet. It means the comfort, security, in Batam is needed. Especially now that unemployment is overwhelming, like a shipbuilding company, many of them are quiet and there are no buying and selling process. It means a lot of reduction of workers. There are only a few companies in the shipyard, which is quite successful.

Author : Why is it (shipbuilding company) flagging?
TKM : Huh?
Author : Why is that shipyard flagging?
TKM : Well, the first is the issue of less comfortable in Batam is because of the demontrations. Secondly, it's about the land. Land that has been less comfortable but with the changing in leadership of BP Batam so the cost of renting the land is up. Well, that's what makes the company is flagging, and also indeed conditions abroad is not comfortable indeed. All of them are flagging. So, it influences everything. Hopefully in the near future, we can take a stand for policies for economic sustainability in Batam. If not so, it's difficult. In Batam, all unemployment will increase. If the unemployment increases, automatically it is the responsibility of the government. The government in this case is the Office of Labor. Because the Department of Labor is a department or agency in charge of employment issues. So it means, the labor service serves the community. Suppose it's since in the womb to death, before they're not working, putting them into workplace, until their layoffs. It's a tough task of the Department of Labor. Then, related to the MEA, the Asian Economic Community, the government of Batam through the Department of Labor Office conducted a variety of field training. For this year, there are 726 people we'll be trained. One of the training is HR. it is training to become an HR for the job seekers and also to improve the skills for the people who has become HR. We train again to be able to become the good HR. Then English training, to be known the MEA has relation in many aspects, especially in grammar. Now in Philippine, Vietnam and so on, they have learned Indonesian, not English because the market share in Indonesia is wide open so people come flocking. Well, on the other hand, we are Indonesian, are less able to speak English. Therefore, with this event, we're trying to think how the people of Batam can be increased and can be skilled, so they can compete with other countries. Well, it's a government program, it's been 5 years, almost 5 years that we have done it with the funds for this year, 2017, is 35 billion. Now, it's the bigger funds. The training is free. So, who conducts the training is free of charge because if training in others, one person can be charged until 10 million. That's why the government gave it free to those people so that the skills of people in Batam increased. That increased skill will surely change their life, right? If their basic is just a senior high school, it means their ability is still less. It should be accompanied by these skills.
Author : Is there any result of the training?
TKM : Yes, there is. Later, besides the government put them in accordance with their field, we also call them, For example they have finished the training, later we call them and ask "where do you work now? Where are

you now?" It means we can see if they have worked or not. If not, of course we direct them how to they can get a job in accordance with their field. Well, that is now the Batam government and the Department of Labor seeks for it so that in Batam, there is no more unemployment. Something like that. It is amazing for this year, hopefully we will improve again in order that the people of Batam in particular and the general public and its surrounding be able to compete with other countries. We have occupations that majority occupied by expatriate workers. We are shame, right?

Author : How much the UMK in Batam now?

TKM : UMK in Batam now is 3.241.125. In 2016, UMK in Batam was divided into several groups. First, the wage is based on business group. So, there is a heavy industry such as shipyard. Then, the medium industry such as electronic field, and the light industry such as hospitality. It's different (wage). So, with the existence of Ministerial regulation No. 78 Year 2015, it means the wage of business group actually has not been in the Constitution, but because the discussion about it was agreed by the Union then the wage of the business group arouse. With the existence of Ministerial regulation No. 78 Year 2015, we have the sector wages and no more the group wages, it is not allowed because it means violate the Constitution although it is already agreed. Actually the meaning of agreement according to the regulation is if it obeys the Constitution but if it disobeys the Constitution, it is prohibited. For example, the business group wages do not exist in the Constitution. It is created by them (Union). Because there is no path, there is only sector, so it has to use sector wages. Well, now the Department of Manpower is willing to discuss the sector wage because only shipyard which has the sector wages. The shipyard is ready to formulate it but other sectors do not exist yet. Now, it is how we attempt to actualize the industrial sector, for example is electronic industry. To determine the (sector wage of) electronic industry is difficult because they do not want and thought that we become Community. Then, there will be a discussion but usually it causes the commotion so the government is rather difficult to determine sector wages this year. This problem still becomes discussion but we have the steps to make it peace.

Author : According to your experience, how's the quality of education owned by Indonesian workers compared to expatriates?

TKM : Actually, the average of their education is senior high school but because he already explored the shipyard field, welder or all kinds of it, so it means he has a lot of experience. If it compared to expatriates, I think the expatriates' skills are not as what we expected. Actually, when the minister of Manpower is Mr. Abdul Latif, the employment of expatriates is to get their knowledge, transferring technology. The main

commitment is actually like that but the reality in the field is not like that. So, many companies that employ expatriate workers do not fit that rule. In the shipyard, our people skills are obviously more expert rather than them. If we observe, there is one company said if there is no expatriate, it seems like a barren person. So if we observe, (employing) the expatriate is solely for communication. Because of what? Most of the companies in Batam are foreign companies. Thus, they are requiring expatriates solely for communication. For expatriate whose Indonesian language is fluent, that's not a problem for him but he definitely has another mission. Suppose they said "our company is foreign company, why our people do not exist? How can we communicate to order the workers? Indonesian people do not necessarily want to (do it)." Maybe (they say) like that, but the fact is, the expatriates are taught by our workers (locals) are many. So, the government's program on transferring technology has been far away from our dreaming. It doesn't meet the goals and abilities. especially in terms of language. Then culture which sometimes leads to anxiety of the kinds of problems like in Drydocks. If we see, Drydocks is actually a good company. Just because there are so many expatriates such as Indians, Chinese, Philippines. It means there are different cultures, especially in the way to command the people. Sometimes they use feet (to command people), use dirty words to talk, and high emotions while in our culture we should command people politely and admonish them with the good manners. On the other hand, talking about the job, the expatriates get a good job and their job is just commanding the workers but not providing them prosperity. It means that the issues of wages between expatriates and Indonesians clearly different and arise the gap because they recruit the workforce from overseas, in Singapore so the recruitment is done in Singapore and it automatically their salary basic is following Singapore minimum wages. So, the minimum wage in Indonesia is considered as little salary and they can't say that there's no gap, because the gap is definitely exists. There was information about the salary of technical levels. They have same position but locals only get 6.5 million while the expatriates get 12-15 millions. One of the information that time, the technical levels, how much salary. If we're talking about prosperity, the expatriates are more prosperous. certainly. That's why the government take the decision how the expatriates who come to Batam should learn our culture, that is politeness. If it's not, the issue that occurred in Drydocks earlier will happen again. The more expatriates, the more problem will occur. One person sometimes raises a problem even less many people, right? It is different culture in terms of education, and others. That's why it creates an impression for our people because our culture is extraordinary, such as spirit at work but the expatriates are just sitting around and get a

higher salary that's what sometimes makes Indonesians envy. When there is little problem, they will say in not good words then created the commotion. They already felt depressed by these people and come a problem but sometimes the company doesn't want to be blamed because it's just a small problem and actually it (the act) is not allowed. The company should select those people because after all, the company was established in Indonesia. They must respect to Indonesians. Sometimes the foreign companies just want to follow their culture and do not want to follow our culture. Hah, that's the problem, supposedly wherever the company established, it must follow the culture of the country. If it is established in Indonesia, it must follow the Indonesian Law. In Singapore, if there is a problem about employment, the workers will be immediately dismissed, there's nothing to be done, but if that is implemented in Indonesia, it doesn't connect. Because in Indonesia, there is still tolerance, one of them is layoffs. When the workers are layoffs, they will be given severance pay. The severance pay is the reward for their (workers) work with termination. It means that before they get a job, the severance pay can still be used to support their family. That's a severance pay. In Singapore, it's not like it "You're wrong, just out from this company." Why? It's because Singapore already advanced. It is a small island but a developed country. Indonesia is big island but still grow up. It must be different. If the developed country, the unemployment is paid by the Government. If in Indonesia, if you are unemployed, you will be unemployed. In Australia, unemployment is paid 1000 dollars per month. 1000 dollars for living in his country, it is a small amount so he can't live well, so, he run to Indonesia. In Indonesia, 1000 dollars is a big amount so you just sit down and do nothing. Well, the foreigners who always become tourists are not necessarily the rich people but Indonesians always think that those tourists are the rich people who have a lot of money. Well, he's actually unemployed and just hanging around here. Hence, with 1000 dollars, they just come here but always paid by his country. What about us? Who will give us the salary every month? If we are not working, we're not eating. Well, this is different. The system is far between developed countries and developing countries. It's one of them. Look at the foreigners who have tattoos. They are bad but here our people are very excited to them "Whoa, he is a foreigner, handsome, having a sharp nose" though he is unemployed because if he is clever, why does he go to others' country?

Author : But in Indonesian's the perception, if we are clever we should go to someone else's country.

TKM : It is different from Indonesians' principle. If we are clever, we better to look for a job to other country but how about them (foreigners)? Indonesians are great people. We should be grateful to be the

Indonesian. We are able and persistent. Foreigners? No. The conclusion (of differentiation of local and expatriate) is mainly the issue of wages. Obviously, the gap between Indonesians' wages and expatriates exists and different, everywhere and it is inevitable.

Author : According to the Law, what is a form of remuneration? For example the basic salary, it is a part of obligation, right? What else beside that?

TKM : In Indonesia, it only knows wages. According to Ministerial Decision No. 7 Year 2013 which is a refinement of Ministerial regulation No. 1 Year 1999, minimum wage is the lowest monthly wage consisting of basic wages, including fixed allowance. So, in the Law only knows wages. In the company, it is sometimes developed such as the payment of meal, transport, attendance, bonus, etc. Those variables are actually if we follow our Law, they actually make difficulties for the company because we already set the basic wage and fixed allowance, when later if there is layoff, the basic of severance pay is that. The company has several variables pay and if the variable pay is fixed, automatically it becomes the reference of layoff. If there is layoff, which one of those variables is fixed? It will be used in severance pay includes the overtime pay. Hence, the variables determine by the company but it will complicate the company. After that, the company will ask to Department of Manpower and Transmigration about their difficulties and we say there is no regulation like that. So, it means the company who make the regulation, not the Law. It's also sometimes problematic. While the government has arranged, set the wages through article 94, Act No. 13. That's clear. The allowance is at least 25%, the basic wage is 75%.

Author : What is a fixed allowance?

TKM : The definition of the fixed allowance is a fixed and regular allowance paid in one unified time. If fixed pay, every 1st (of date) it was paid intact but if there is a paid on 1st (of date), 15th (of date), the 15th date is not fixed or variable because anytime it can be eliminated. If the fixed pay cannot be eliminated. That’s the difference but the fixed pay is given permanently (the amount) and regularly, which is not attributed to the presence. If absent, it remains to be cut (the salary), it means it’s not fixed pay. When there is layoff, the variable component does not go in. Well we see, if it does not enter, what components of it? How much? Is it part of the minimum wage or not? If it is less than minimum wage, automatically, the shortage of the salary must be paid by the company.

Author : Why do you think the company here employs expatriate workers?

TKM : In Batam, all the companies that employ expatriate workers are foreign capital companies, so the companies that have foreigners. Batam is just a branch. So why does the company hire expatriate workers? Because the company is a foreign company so that the company also brought people from its country here. The goal is for mere communication. Like the

Singapore, not all of the Singaporeans speak English. Sometimes, they speak their language, Chinese. So, the goal is to facilitate communication hence the company also hired its person.

Author : Then, the issue of wage determination, is it same or not with the wage determination for locals?

TKM : Expatriate worker's wages are governed by an agreement between an expatriate worker and a company owner from a country of origin, an example of a Singapore-based enterprise, then his employment agreement is made in Singapore and his wages are also determined in Singapore even though the expatriate worker is working in Indonesia in this case is Batam. Thus, the Indonesian government does not regulate the wages of expatriate workers and to date, the Indonesian government has not yet established regulations on the determination of expatriate worker's wages and currently the Indonesian government only regulates Provincial Minimum Wage (UMP) or Minimum Wage City / District (UMK, in Bahasa). Provincial Minimum Wages are mandatory in the sense that the provincial government is required to determine Provincial Minimum Wage. Provincial Minimum Wage is applied to the city / district if the government does not determine Minimum City / District wages. Furthermore, the wages of expatriate workers are not the same as the wages of Indonesian labor / local labor because the determination of expatriate worker's wage is determined in the country of origin of the company owner and also based on the skills and competence of the workers while the wage of local workers is determined according to where the company is domiciled in other words local worker's wage value is determined based on skill and competence where the company is domiciled.

Author : In terms of wage composition, where is the differences between local workers and expatriate workers?

TKM : The wage is based on agreements in the home country of the company owner. The non-wages such as dorm / residence, health facility, vehicle and return to the country of origin where the expatriate workers are accepted, while what the local worker received is the basic wage plus the fixed allowances, and the fixed allowance means whether they presence or absent, it is still be paid at least the Minimum Wage of City / District and the non-wage is transport, food allowance, shift money, rewards, and THR (religious day allowance) thereby differences in wages and facilities between expatriate workers and local labor certainly very different.

Author : There was a case in Drydocks in 2010, can you explain more details?

TKM : In 2010 there was a burning at the company (Drydocks). It was also the result of the gap. The gap made by the company means the implementation of industrial relations in Drydocks at that time was not

good in wages. The wages are few but the job is many while expatriates got a lot of wages but they work a little. Then, there was a bad word of expatriate from India and told that Indonesians were stupid. Well, when locals heard that word, they exploded because they also have been depressed of inequality of wage they got. So, it is because of their t(expatriates) culture then they could say like that. That's why the government is trying to make something for expatriates that can learn the culture and language of Indonesia. Hence, that case occurred because of the gap plus inappropriate word. It means he is insulting, right? Who is not angry? He lives in Indonesia, but he insults the locals. At that time, Commission 9 of House of Representatives and Directorate General of Manpower include the Supervisory Board, it was me, who joined the meeting. This is actually the case. Finally, the company was burned by locals because their emotions already high, right? They're already tired, their salary is little, and they are also insulted. The company is also not paying attention to them. Surely they will explode. It was also exposed to other countries. So, Batam is different with Jakarta. A little information will be heard by Singapore, from Singapore, it will be exposed to everywhere. Jakarta is far (from Singapore) so it will be known just a moment but Batam is per second. Once there is information, it instantly explodes.

Author : How to solve the case?

TKM : The way to resolve it is we call the person and we brought him to the police because if it is not secured by the police, automatically he (Indians) was attacked by mobs. Finally, he was (who make trouble) deported rather than he make another riots. That's the solution. Then, the municipal government from Department of Manpower suggests that to create relations between expatriates and our people, to improve the welfare of the workers, to impose cultural culture in the enterprise. That's the solution. In order to make problem is not getting longer, the Batam government cooperates with the police. Then the central government is represented by the ministry and the 9th commission came at that time, Alhamdulillah the problem is over. So it is expected that there should be no repetition like that. It is actually one of the advantages for the government in Batam, especially the Department of Manpower, because there is a little supervisory staff, so by the case, eventually the central government held training for supervisory staff in Batam. There are about 25 people.

Author : In Indonesia, how is the policy to determine compensation to be given? For example the salary is given per month, per year or per day.

TKM : No. Hence, the government used to make the effort to build on the wage only through minimum wage. In principle, the wage is determined by the parties, but the government regulates wages through minimum wage

mechanisms. It means the government provides a safety net, because before there is a minimum wage, the wage was submitted to the market, when you apply the job, your salary is this much. It doesn't matter if it's enough for you or not, that's submitted to them. The result is still a lot of our people, our workers are poor and the salary is little. So the government sees that it must be fixed through the determination of minimum wage. Therefore, the government is trying to make it as safety net. So, the minimum wage is not standard wage, it's as safety net. With the safety net, do not let the companies pay wages below that minimum wage, it should be above the minimum wages but sometimes the companies make it as standard wages. This is not true. In Germany, the minimum wage is based on the inflation. If the inflation increases, the minimum wage also increases. In Indonesia, we lead to it, we're leading to the workers' living needs. The name is Decent Living Needs. So, to determine the wage, it's minimal in accordance to the necessity of single's life. Single means she doesn't have a husband yet, he doesn't have a wife yet, so it's still limited on it. Well, if the companies have paid the wages to that extent, It's valid for the new workers who below one year of working period. How about the workers who already worked more than one year? It surely has additional payment but the additional payment should be negotiated. Sometimes, this negotiation is complicated because there is demonstration or strikes. To anticipate, the government determines the wages by using the policy through Ministerial regulation No. 78 Year 2015 and it's about wages discussion. Then, there is improvement of religious day allowances problem which at that time the workers with working period for three months or more, they will get it, but now there is improvement. So, in Ministerial regulation No. 56 Year 2016, there is improvement. The workers who work for one month or more, they are entitled (to get it). it means one of government policies about the workers prosperity. Then, there is Ministerial Decision No. 49 Year 2004 which discussed about wages structure and scale. It means the companies are appealed to arrange the wages of the new workers, the one-year, the two-year, the three-year workers and so on so that there is no gap on the workers. It also suppresses the riots in the company. It is left to workers and company to arrange it and it's mandatory. If it's mandatory means there's a sanction. If they do not do that, they will be in jail for 4 years then 400 million for the fine. That's one of suppress done by the government policy to secure the wages from the workers. With the existence of that, it's expected everyone can work safely. Then, the other government policy is about the retirement rights. It is also one of the ways to make the workers prosperous. I hope in the future it will be better. We're trying to make it enhancement from year to year.

Interview with Mr. PS (The Chairman of Union)
Date: Monday, 06 February 2017
Time: 15:45 WIB
Location: Ruko Fanindo (Batu Aji, Batam)

Author : First of all I want to ask about yourself.
PS : Yes, you can.
Author : What's your full name, sir?
PS : P******** S*******.
Author : Your age?
PS : 36 years old.
Author : Oh, are you married?
PS : Already.
Author : How many kids do you have, sir?
PS : There are two, one girl and one boy.
Author : Is that true that you are now working at PT. Drydocks?
PS : Yes, I am.
Author : What is your position?
PS : I'm the senior inspector in K3 (Occupational Safety and Health).
Author : Oh in K3.
PS : Yes.
Author : So, what does exactly make you want to work in PT. Drydocks?
PS : Besides for getting a decent living, and also to improve the living standard of the workers there, that is to provide safety assurance in accordance with labor law and also the safety law. That's the motivation.
Author : Alright.
PS : To provide safety to others.
Author : Then, in that company, how much is your salary received?
PS : Now the basic (salary) is 6 millions.
Author : 6 millions?
PS : Yes.
Author : Do you get additional compensation? Like an incentive?
PS : There is no incentive from the company. We just have money to eat, exclude the basic, and then the transport, ah that's all.
Author : How about the benefit?
PS : It’s not available. We do not have benefits. Manybe just overtime. If you want to overtime, you can do it.
Author : Then, do you know the case in PT. Drydocks in 2010?
PS : About fire?
Author : No.
PS : Riot?
Author : Yes, the riot of its chairman from India, Sir.

PS : Yes, I know.
Author : Can you explain in detail what is it like?
PS : I can only assume because it has become an investigation from the police. Even if my statement is beyond what is the investigation of the security is not a reference to take an action, right?
Author : Yes
PS : I will explain, at that time was how the gap between expatriates with local. So the expatriates who come from their region forgot what ethics and customs that exist in us (Indonesians). So sometimes in the way of governing, our people will receive the message (of governing) if they (Chairmans) deliver it with full feelings.
Author : Yes.
PS : Well then and there is also the cause of it is the lack of understanding among our people (Indonesians) against expatriates. So in terms of acceptance of words, we are identic with high emotional because it's related to the job, our job is hard job, so in accepting the arguments that offend especially concern in the name of the nation. Without the commanding, our people will directly do the action (angry). Also, in that company, there are 90% of men.
Author : If it is about the salary, is there any gap between the expat with the local workers?
PS : Definitely, for sure.
Author : What kind of gaps?
PS : The gap is like suppose I am a senior inspector and there is a senior inspector from Singapore. In Indonesia, his salary can be about 12000 Sing dollars.
Author : 12.000?
PS : Oh sorry, what I mean is 1.200 Sing. It means around 12 million rupiahs while we are Indonesian at supervisor level maybe just 6 millions. If we're talking about skill, we have the same skill and education. If we (Indonesians) are S1 (Bachelor Degree) but if the person (expatriates) register from Singapore, our education is not considered by them (Management).
Author : Does it mean not useful?
PS : It's useless. It's better if our people go international directly. For examples the Burmese, Indians, are coming to Indonesia. He does not speak English, and he just knows "yes no". After arriving in Indonesia, because he registers from Singapore and our Indonesian people are graduated from S1 (Bachelor Degree), the speaking skill (English) is fifty fifty but he (the people of Indonesia) will still be subordinate of expatriates. Here is the gap. So that, when there is a little friction, so the riot directly appears.
Author : How do you feel about such a gap? Moreover, you are also the same

high position with that person.

PS : I'm disappointed with the government.

Author : But why do you still survive there?

PS : It is not survival. But, if it is not occupied by local people, the ratio (the amount of local and expatriate) is further away. When we (locals) are there, this is the balance that we make, so the acceptance of expatriates is also not the influence of the Indonesian Nation. If it is said that his program like Mr. Jokowi wants to transfer science, I think it's wrong. What science will be transferred? Indonesia, we are good argon (weld name), good welding. What do you want to transfer? Nothing would be transferred. There are people who come to Indonesia with a salary of 12 million, with his living cost in Indonesia could be 4 million, he still keep 8 million. That's it. Does the government only expect IMTA funds? Permission to hire expatriates workers? Then with a budget of 13 billion to make education for job seekers, I think it's not a solution, but thank you very much to the Department of Labor.

Author : Hehehe.

PS : Last night, I also met the mayor, it was also discussed. I said, this had not been right on target, which should be opened is the job field. If you wanted to create any kind of labor certification but the vacancies were not available, where is this going to take? And another one that I want to add, if Indonesia wants to still use the MOU to investors from overseas, especially from China. They go to Indonesia with the conditions that they can bring 50% expatriates from their country. So, how about us (locals)? They will invest in Indonesia after being approved by the government and they will bring 50% of expatriate workers from their country rather than the needed workforce. Right now, in Tanjung Uncang, all of Chinese is ex-military. I believe Indonesian youths in the shipyard will not bow with Military. They (the Youths) will obey if they're hungry. When people give them food, they (the Youths) will obey but when they are hurted, they will never be afraid. The government makes it easier, the arrival of the AFTA, MEA, is not a solution for us. If skill is improved but there is no job, I think it doesn't make sense. Suppose if you want a project that takes 500 workers, 250 workers from locals and 250 workers from China. Then, do you mean the locals become the slave? These Indonesian workers will always be eliminated. So, it is not a science that is transferred to us, to Indonesia.

Author : Then, do you think the salary issue in the Company given base on seniority?

PS : No. It is skin color.

Author : Skin color?

PS : My background, 10 years experience in oil and gas, and there are

certifications, many friends like that, they can be asked. The certification experience for me is that he/she has been exploring the job for a long time and he/she has mastered the job, that's what I say seniority. The seniority happens in the wage scale and structure. Do we want to adopt a wage scale and structure in our country? Not yet. The labor law article 92 is also explained to make the wage scale and structure but until now the reality is not. It's nothing. So where is the seniority? Nothing like that.

Author : Is it also not according to our performance?

PS : No.

Author : So, is it pure skin color?

PS : For me it's just skin color. Why? Why if he is not a native, he is always in bargaining with much higher prices? I'm a supervisor, he's a supervisor and both of us apply (the job). His salary is 12 million, I'm 6 million. The job is the same, the responsibility is equal. But his salary is bigger. Does it matche or not? It's not suitable.

Author : Has the problem been solved?

PS : No, there is no regulation in Indonesia. The problem is in the government. It's not the region government, it starts from the center. If from the central government there is a regulator in filtering it, it will not happen. Ah, if you say the problem is about the qualified person, we accept it. But if the qualified person is not a reference to make salary, I think it's a problem. Especially nowadays MEA and AFTA enter. Well, that will happen some day is "a fire in the chaff" (holding a huge grudge). When the people who felt he was born in this country, he would be self-violated, surely he would build his own strength. That's the Union's function. If it is against the law to seek the truth, it must be done.

Author : Then, about the case that I mentioned earlier about the salary gap, how's the process taken by the Union in the company to solve the problem?

PS : To reduce the problem, we ask the security and the pro to the employers to return the expatriates that we feel do not accept the norms that exist in Indonesia. After that returned, then we create shock therapy to Indonesian workers, giving the discourse so it needs harmonization in building a cooperation. Do not look at the color of the skin. If that person is not good then please return him than he will provoke the anger of us. That's what we can do. And so far the company has done but with a guarantee right now. India was out and right now is Chinese (who lead). That was India's era. Now is Chinese era. Would it be the same? It could be and I'm not making the science for sure. But what I see now is like that. It could be (happen). Why? The reason is the provision of salary, gap, play favor at the company,

and distinguish the skin color.

Author : Can you give the example of the play favor beside skin color?

PS : Expatriates are given transportation. Given the housing. Given a dorm. Why are not our people given? I have tried to remind businessman, discrimination is so high that it will form the moments that will be able to disrupt ourselves.

Author : Did you ask to the company why the expatriates given transportation, given housing?

PS : Yes, I've asked.

Author : What is the answer?

PS : Yes, their answer is because their MOU is in Singapore. So, a person goes to Indonesia, but his contract of employment is done in Singapore. So what is applicable in Singapore, it is applied in the company in Indonesia. Well, when we pursue the HRD in Batam, he lost the trail because he is only sent a MOU that it (the agreement) is already enacted in Singapore. They sent the person (expatriates) to work (in Indonesia) and he can't do anything.

Author : So, it's following Singapore, right?

PS : Yes, we follow there. It is because his join date in Singapore but his work placement in Indonesia. This is the problem.

Author : What do you think? Why is the company taking people out there to work here?

PS : The reason?

Author : Yes.

PS : They say there's no definite reason but from my assumption, it's just like they prefer to pay expatriates so bigger even though the results are not satisfactory. Because after all it makes a battle so that the Indonesian people will stand away. So they will be able to put more labors from their country. If we get out from here, we will be eliminated. So inevitably, the people who feel we can, at least we balance them, just survive by creating any certifications that can be made to improve our competence.

Author : Right now, how many workers employ in GTI? Both locals and expatriates.

PS : They are 1,180 people. From 1,180 workers, expatriates are around 50 persons but 50 persons are all decision maker. So, our people is the people who being commanded. Although he's graduated from Sultan Hasanuddin or Yogyakarta, the management do not think about it. If our people go international and apply to Singapore so that they're considered as join date from Singapore, definitely, we lose too. So globally, I say, we are (Indonesia) indeed made difficult (to work) by them.

Author : Do Indonesians always work in the field?

PS : Not really. There are also Indonesians who work in the office but in one department, which surely it is not the Indonesian people who become the leaders. Suppose the accounting department. Many in accounting (department) are Indonesian, but the decision maker is not Indonesian. He (Indonesian) remains as a man who is commanded. It is true that the Labor Law guarantees the workers, but is there any the Labor Law firmly against the behavior of employers? I think no. you know, there is a businessman who come from Singapore and bring or implement the Singapore Law.

Author : Now, is the locals and expatriates' relationship harmonious?

PS : Actually, everyday, we are harmonious. If it is said we are harmonious, yes it is, but if it is said "is there any gap and still feeling hurt?" it's definitely yes. So far, we're still giving good therapies so it's still tolerable (the gap and feeling hurt). Sometimes I call the expatriates and I don't hesitate to advise them. Sometimes I bring them to the director. I don't care if they're from Yugoslavia or other, as long as they can't work properly, please sent them back to their country. We're afraid in the future we are being hurted and moreover they bring the Nation's name. It's danger.

Author : Most of them come from what country, Sir?

PS : Now? They're from China, Tiongkok.

Author : Do Indians reduce because of the problem at that time?

PS : Indians are around 2 persons. Now, the harder thing is detecting them. There are so many Chinese in the Companies that come for klocking and back home also klocking, no working, but the salary is big.

Author : How long have you been working there?

PS : 8 to 9 years. Almost 9 years. Actually I have asked to resign but It's not given by the company yet. They said it is early retirement and I should wait.

Author : Are you tired of working there, Sir?

PS : I'm not tired. Sometimes I want to switch professions because we are too monotonous of working, sometimes we keep the things that are going to happen. So, we never concentrate with the job. Because our job is organizing the people who should be organized. It's hard and burdensome.

Author : Does it mean you organize both local and expat?

PS : In the Union, it starts from the directory until to GM and also subordinates, but we are not regulating, we're giving explanation like "this is the direction of our Law, this is what must be made before going there." We only give direction. When it's not heard, that's not a problem. We just explain "this is the meaning of our Law", just it. So if you say we're regulating, I think no. We only give advice when it is needed.

Author : If from your own personal, what are the obstacles that you face during work here?

PS : Obstacle?

Author : Yes.

PS : Many obstacles. The obstacles are included the competition in the work. The obstacles also about the less trusted by employers. They more trust to their person rather than Indonesians. So the obstacles are there, the gap. So when you explain something that is true, it is not necessarily acceptable to them. Second, an expatriate, he's only good at speaking and twisting the facts to the Chairman. It is because he does not use Bahasa. What he uses is not English as well.

Author : So, he speaks with his language?

PS : Yes.

Author : But if I'm not mistaken, in the Law, it should be Indonesian language, right?

PS : Well that's what I want to say. Our rule is not firm yet so, the people who cannot speak English and cannot speak Bahasa, able to work here. All they can is speaking in their language. Because of the owner of the company is from the same country as they are, they are placed in every line of department and also become a decision maker. The owner also can communicate with his "person". That's why I think the owner does not need us.

Author : How about the communication between workers and other workers? Do they always communicate with expatriates by using English?

PS : According to our Labor Law, it is stated that for transferring knowledge, there is an Indonesian as the assistant of expatriate to accompany him. Well, sometimes he uses English and the Indonesian who convey to our people. That's what happened. Whether he is delivering the truth or not but the important thing is the (communication) process is running.That's what's happening right now.

Author : Is it until now?

PS : Yes, it is.

Author : Okay, that's all, Sir. Thanks for the time sorry to bother.

PS : *Yoi.*

APPENDIX E: DOCUMENTATION

Picture 1: The board name of PaxOcean Graha Trisaka Industry Company looks from the front.

Source: Secondary Data, Employee's Instagram (2015)

Picture 2 and 3: IRD and MNA (Local Worker)

Source: Primary Data, Researcher documentation (2017)

Picture 4: EAS (supporting informant)

Source: Primary Data, Researcher Documentation (2017)

Picture 5: PS (The Chairman of Union)

Source: Primary Data, Researcher Documentation (2017)

Picture 6 and 7:
PaxOcean GTI's New Project

Source: Secondary Data, IRD's Documentation (2017)

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