

IMPACT OF TOTAL COMPENSATION SYSTEM ON EMPLOYEE RETENTION THROUGH INCREASED JOB SATISFACTION:

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ABSTRAK

Kajian ini berupaya menelaah sejauh mana sistem kompensasi total memberi pengaruh terhadap kemampuan perusahaan dalam mempertahankan karyawannya, dengan menempatkan kepuasan kerja sebagai variabel yang memediasi hubungan tersebut. Objek kajian dipusatkan pada Kopi Kenangan, salah satu pemain paling agresif dalam lanskap industri makanan dan minuman (F&B) Indonesia. Pendekatan studi kasus dijalankan dengan mengandalkan sumber data sekunder, yakni kumpulan ulasan daring yang ditinggalkan karyawan di platform Glassdoor dan Indeed sepanjang kurun 2021 hingga 2024. Dari penelaahan tersebut, tampak bahwa persepsi karyawan terhadap komponen kompensasi, baik yang bersifat finansial maupun non-finansial, masih berada di bawah ambang harapan, terutama menyangkut gaji pokok, skema bonus, dan distribusi beban kerja. Ketimpangan tersebut mendorong rendahnya kepuasan kerja, yang pada ujungnya memperbesar kemungkinan karyawan untuk keluar dari perusahaan. Hasil ini selaras dengan kerangka total rewards yang dikembangkan oleh George T. Milkovich, Jerry M. Newman, dan Barry Gerhart (2020), serta teori dua faktor dari Frederick Herzberg, sekaligus memberikan landasan rekomendasi bagi perusahaan di sektor F&B untuk merancang ulang kebijakan kompensasi secara lebih menyeluruh dan strategis.

ABSTRACT

This study attempts to examine the extent to which a total compensation system influences a company's ability to retain its employees, by positioning job satisfaction as a mediating variable. The study focuses on Kopi Kenangan, one of the most aggressive players in the Indonesian food and beverage (F&B) industry. The case study approach relied on secondary data sources, namely a collection of online reviews left by employees on the platforms Glassdoor and Indeed between

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2021 and 2024. This review reveals that employee perceptions of compensation components, both financial and non-financial, remain below expectations, particularly regarding base salary, bonus schemes, and workload distribution. This disparity contributes to low job satisfaction, which ultimately increases the likelihood of employee turnover. These results align with the total rewards framework developed by George T. Milkovich, Jerry M. Newman, and Barry Gerhart (2020), as well as Frederick Herzberg's two-factor theory. They also provide a basis for recommendations for companies in the F&B sector to redesign their compensation policies more comprehensively and strategically.

INTRODUCTION

The food and beverage (F&B) sector has recorded one of the most consistent expansion rates among the various national industrial sectors. Official data from the Central Statistics Agency (BPS, 2024) show that the number of food and beverage businesses in Indonesia reached 4.85 million in 2023, a 21.13 percent increase compared to 2016, and employed 9.80 million workers nationally. The Ministry of Industry (2023) also recorded a growth rate of 5.35 percent for this subsector in the first quarter of 2023, positioning it as a key driver of the domestic non-oil and gas processing industry.

Behind this rapid development, there are equally significant pressures on human resource management. The F&B industry has long been known for its relatively high workforce turnover rate. This is driven by various factors: unpredictable work schedules, intense service demands that leave little room for flexibility, constantly testing physical stamina, and limited career paths for most operational positions (Thamrin Group, 2025). In such conditions, a company's ability to strategically design and manage compensation is key to maintaining a skilled workforce.

Kopi Kenangan stands as one of the most prominent growth stories within Indonesia's F&B ecosystem. Since its establishment in 2017 under the auspices of PT Bumi Berkah Boga, the company has successfully expanded to more than 900 service points across Indonesia and employs over 5,000 people, before ultimately attaining the status of the first New Retail F&B Unicorn in Southeast Asia in 2021 (Kopi Kenangan, 2022). This rapid business expansion inherently brings significant demands on the foundation of human resource management, including aspects of compensation and the capacity to retain employees.

However, when viewed through the lens of employees' online reviews, the picture that emerges does not always align with this narrative of growth. Data compiled from Glassdoor indicate that Kopi Kenangan only achieved an overall score of 2.8 out of 5 stars, with the specific score for compensation and benefits slightly higher yet still unsatisfactory at 2.9 out of 5. Moreover, only around 36 to 41 percent of employees expressed their willingness to

recommend the company as a workplace to others (Glassdoor, 2024). These figures signal a significant gap between what the company offers in terms of compensation and what employees actually expect.

Based on this background, this study establishes three main objectives: first, to map the overall picture of the total compensation system implemented by Kopi Kenangan as reflected in employees' online reviews; second, to identify how perceptions of total compensation relate to the level of job satisfaction; and third, to examine the implications of job satisfaction on employees' tendencies to stay with or leave the company. Therefore, this study is expected to provide practical and evidence-based recommendations for F&B companies in optimizing their compensation strategies.

METHOD

This study is grounded in a qualitative approach with a single-case study design, focusing observation on Kopi Kenangan as an entity examined in depth. The choice of this design is based on its strength in exploring the complexity of compensation and retention phenomena within the specific context of an F&B company with unicorn status, whose characteristics cannot be easily generalized from findings of other studies.

All data used are secondary data collected through document analysis and content analysis techniques. Five groups of data sources are utilized simultaneously: reviews left by employees on Glassdoor (amounting to 28 to 33 entries available as of April 2024); employee reviews on the Indeed Indonesia platform; official career pages and company press releases from the Kopi Kenangan website; scientific journal articles retrieved through the Scopus, Google Scholar, and SINTA databases; as well as industry statistical data published by BPS and the Ministry of Industry.

The analysis stage is conducted by classifying online reviews into themes based on dimensions of total compensation, including issues of salary, benefits, bonuses, working conditions and environment, as well as career development pathways. Each theme is then associated with indicators of job satisfaction and signals of retention intention that can be interpreted from the tone and substance of the reviews. To ensure the credibility of the findings, cross-triangulation is performed between online review data and relevant academic literature.

RESULTS AND DISCUSSION

1. Profile of the Total Compensation System of Kopi Kenangan

In terms of values and culture, Kopi Kenangan builds its organizational identity on three pillars: *serve with heart*, *first day mentality*, and a spirit of collaboration. In terms of direct financial compensation, the base salary offered to baristas ranges from Rp1.8 million to Rp5 million per month for full-time positions, and from Rp1.5 million to Rp2.5 million for part-time positions, with the range determined by factors such as work experience and

store location (Cake, 2025). This package is complemented by allowances, bonuses, and various incentives as communicated by the company.

From a non-financial perspective, Kopi Kenangan can be said to have invested quite seriously in the development of its employees' capabilities. By the end of 2021, more than 10,000 employees had participated in training programs organized by the company (Kopi Kenangan, 2022). In addition, Kenangan Academy was established as a dedicated learning center for baristas. A dynamic work environment and cross-position career opportunities are also presented as part of the value proposition communicated to prospective employees in the company's employer branding narrative.

2. Employee Perceptions of Total Compensation

When the company's official narrative is contrasted with the voices of employees reflected in online reviews, a fairly striking gap begins to surface. Based on data from Glassdoor, the rating for compensation and benefits given by employees stands at only 2.9 out of 5—a score that clearly indicates that actual compensation has not aligned with expectations. Four recurring themes that can be identified from the corpus of these reviews are as follows:

First, a deficit in financial compensation. A considerable number of reviews explicitly highlight the absence of bonuses, commissions perceived as too small, and salaries that are not commensurate with the intensity of the work required. Dissatisfaction with this aspect reflects the perception that the financial package offered by the company has not yet met reasonable competitive standards.

Second, the disproportionate distribution of workload. Reviews from Indeed Indonesia reveal a reduction in the number of employees per shift, resulting in one worker having to take on two responsibilities at once. One employee shared their experience: “now there are only 3 people, which means 1 person has to handle 2 job desks simultaneously.” Such conditions, where workload increases while compensation remains stagnant, are classic triggers of declining job satisfaction.

Third, operational hours that exceed reasonable limits. Several reviews mention working hours extending from morning until early morning without adequate consideration for employees' physical and mental health conditions. This situation indicates a failure in fulfilling one of the most fundamental elements of non-financial compensation: work–life balance.

Fourth, appreciation for the career development dimension. Despite various complaints, some employees acknowledge Kopi Kenangan's strengths in terms of career progression and certified training opportunities. Reviews such as “good career path” and recognition of “technical coffee machine certification” indicate that the development dimension within the company's total rewards package is still viewed positively by a portion of employees.

3. The Impact of Total Compensation on Job Satisfaction

The pattern of findings from these online reviews finds strong resonance within the theoretical construct of Frederick Herzberg (1959). Within the framework of the two-factor theory, hygiene factors such as wage fairness, proportional workload, and working conditions are prerequisites that must be fulfilled before job satisfaction can be achieved. At Kopi Kenangan, these prerequisites appear not to have been evenly met. As a result, although motivator factors such as career development and training show a more positive outlook, overall employee job satisfaction remains at a relatively low level.

This condition is consistent with the findings of Sorn et al. (2023), which explicitly state that compensation has a positive and significant relationship with employee job satisfaction. The relevance of these findings is further strengthened when combined with the study by Tarigan et al. (2022) on Generation Z workers in Indonesia, which confirms that a total rewards system including base salary, training, and a positive work climate serves as a strong predictor of job satisfaction. In the specific context of Kopi Kenangan, performance-based bonuses, which Sorn et al. (2023) identify as the most influential component for retention, do not appear to have been optimally utilized, as reflected in the recurring negative sentiments found in employee reviews.

Low job satisfaction scores across multiple dimensions an overall rating of 2.8 out of 5; work–life balance at 2.8 out of 5; and company culture and values also at 2.8 out of 5 provide quantitative confirmation that the existing total compensation system has not yet succeeded in creating satisfying working conditions. Suryathi et al. (2023), in a similar research context, observe that when employees perceive their rewards as disproportionate, their level of satisfaction declines, increasing the likelihood that they will begin to consider alternative job opportunities.

4. Job Satisfaction as a Mediator of Employee Retention

The figures showing that only 36 to 41 percent of employees are willing to recommend Kopi Kenangan as a workplace, and that only 27 percent view the company's business future optimistically, are signals that are difficult to ignore. In the human resource management literature, willingness to recommend a workplace and confidence in organizational prospects are commonly used as proxies to measure retention intention: the lower the figures, the higher the likelihood that an employee is actually considering leaving.

This interpretation is supported by Syal et al. (2024), who document that job satisfaction acts as a significant mediator between rewards and retention intention among Generation Z employees in Indonesia. The same mediation pattern is also confirmed by Astuti et al. (2023) in their research within the Indonesian manufacturing industry. In the case of Kopi Kenangan, the causal chain appears clear: less competitive compensation → suppressed job satisfaction → increased turnover intention.

Gallup (2024) adds a dimension that enriches this discussion: seventy percent of employees who voluntarily leave a company cite reasons that are more managerial and organizational in nature frustration with unclear structures, lack of appreciation, and the

absence of clear career advancement paths. Ironically, Kopi Kenangan possesses strengths in career development that are recognized by employees, yet these strengths are insufficient to compensate for deficits on the financial side. This consistently reinforces Frederick Herzberg's argument that hygiene factors form the foundation that must be addressed before motivator factors can function effectively.

5. Managerial Implications

Based on the series of findings above, several strategic steps require serious attention. First, the base salary scheme especially for frontline positions such as baristas needs to be recalibrated by referring to the latest wage benchmarks in the F&B industry, so that it does not continue to lag behind workforce expectations. Second, the bonus and incentive system should be redesigned with greater transparency and measurable criteria, considering evidence from Sorn et al. (2023) that performance-based bonuses are the component most directly influencing satisfaction and retention.

Third, shift management needs to be revised to ensure that individual workloads remain within limits that do not undermine employee well-being. Fourth, training and certification programs that have already received positive appreciation must be sustained, while ensuring that they do not stand alone without being supported by adequate financial compensation (Ehebhamhen & Okolie, 2026).

CONCLUSION

This study finds that although Kopi Kenangan has built a reputation as a company that invests in employee development, the total compensation system implemented still contains serious structural weaknesses. These weaknesses are primarily located in financial compensation base salary, bonus mechanisms, and workload management which are perceived by the majority of employees as inadequate. The impact is immediately evident: job satisfaction remains at a low level (an average of 2.8 out of 5), and the proportion of employees who recommend the company as a workplace only reaches 36 to 41 percent figures that reflect a low intention to remain in the long term.

Conceptually, these findings reinforce two theoretical frameworks that form the backbone of this study: the total rewards model by George T. Milkovich, Jerry M. Newman, and Barry Gerhart (2020), as well as the two-factor theory by Frederick Herzberg (1959). Both frameworks agree that fulfilling the fundamental elements of compensation particularly financial ones is a prerequisite that cannot be bypassed before meaningful job satisfaction and retention can be achieved. The role of job satisfaction as a mediator in the compensation retention relationship is also confirmed, consistent with the findings of Astuti et al. (2023) and Syal et al. (2024).

From a practical perspective, these findings send a clear message to stakeholders in the F&B industry: aggressive business expansion should not be used as a justification to delay

improvements in frontline compensation. Investment in fair and competitive compensation is not a burdensome expense it is a prerequisite for sustainable growth built on a stable, skilled, and motivated workforce (Berber & Gašić, 2024; Ehebhamhen & Okolie, 2026). For future research, it is recommended to complement these findings with primary data through direct surveys of active Kopi Kenangan employees, in order to obtain more measurable and representative validation.

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