

**PERCEPTION OF DIRECT AND INDIRECT COMPENSATIONS
FULFILLMENT ON HAZARDOUS WORK ENVIRONMENT:
THE RELATIONSHIP WITH AGE, TENURE,
EMPLOYEE'S RANK AND WORK STATUS**

**Oleh: Chun-Hsi Vivian Chen and Setyabudi Indartono
(Staf Pengajar National Central University & Yogyakarta State University)**

Abstract

This paper investigates how ages, tenure, employee's rank and work status related to perception of direct and indirect compensations fulfillment in a hazardous work environment. This study found that age, tenure, employee's rank and work status are positively related to perception of direct and indirect compensations fulfillment. Implication for research and practice are discussed.

Keywords: Demographic characteristics, direct and indirect compensations, Hazardous work environment

A. Introduction

Global competition factors reflected by rapid worldwide political, economic and technological changes required valuable incentives to realize the paralleled opportunities of wealth (Murphy, 1995). Global competition, information technology, and shifts from making products to providing services have change dramatically. It affected on working world such as job analysis, employee selection, training and development, performance appraisal, compensation (including incentives), and organizational development (Cascio, 1995). The purpose of this global compensation competition was retained potential employee or human resource. This objective was effectively approached by compensation factors. Increasing strategy of compensation or reward is one of most effective employee retaining on work (Sullivan, 2001), i.e. compensate more to old-age employees in mining industry (Montpellier, 2005). Compensation schemes provide automatic rewards and incentives adjustment responds common changes in the environment (Nalebuff, 1983). Therefore, compensation was known as one of a key point on global business competition tool (Murtha, 1998), such as incentives are an attractive motivator for people work on hazardous environment, and other industries (Mohebbi 2007, Herpen 2005, Kent 2001).

Dynamic application of compensation strategy to attract and retain employee work was in high risk firm such as hazardous environment (Comm, 2003). Because of

employees were need more attentions and support by employers such as more rewarded and compensated than the low risk firm (Kent 2001). Hazardous environment was also particularly well-suited for examination of different methods of payment (Brown, 1980; White, 1981). In common, hazardous environment is one of high risk job site in term of high challenge of employee's work place to stay and retain their work comfort (Nelson, 2007, Eisenberger, 1997). It has a few effect on work, i.e. stress (Tytherleigh, 2005; Ghosh, 2007), dissatisfaction (Nelson, 2007), work-life balance and physical ill-health (Tytherleigh 2005), and other uncomfortable situations. It also effects on working behavior such as performance (Kent, 2001; Martellini 2003; Ghosh, 2007), turnover (Herpen, 2005), commitment (Roderick 2000), and perceived organizational support (Shore, 2006). Previous studies (Epstein, 2006, Montpellier, 2005, Pravin 2004, shangker, 2003) were indicated behavior in different employee characteristics. Thus, employer required giving more attentions and supports to their employees to retain them keep on their comfortable on work, keep their motivation, work safely and satisfy (Ghosh, 2007). Because, those would be effect their commitment to stay on work, work in high performance and keep turn over low (Shore, 2006).

In sum, the objective of this study is to investigate relation between compensation and employee characteristics (Sullivan, 2001) such as ages, tenure, employee's rank and work status (Kirjonen, 1996). The setting of study is mining operation as a hazardous situation (Yoon, 1999). This research would be able to contribute application of payment or compensation development strategy, in internal and external equities perspectives (Milcovich, 1999), from conceptual and practical point of view (William 1996).

B. Literature Review

1. Compensation

Compensation is defined as a wages and benefit given in exchange for effort or work (Milkovich, 1999). It has a lot of influence on employee work behavior and also affected to work performance (Kent 2001). Compensation consisted of direct compensation and indirect compensation (Mccaffery, 2005). Both have different behavior affects. In example pay as direct compensation will affect employee self-esteem (Gardner 2004), work satisfaction, turnover intent (Herpen, 2005) and other behavioral and attitudinal of employees (William 1996, McClausland 2005, Roderick 2000, Groves 1973, Martellini 2003, Balkin, 2006, Pearce 1985, Shore, 2006). Benefit and service as indirect compensation will affect behavior on satisfaction (Spitzer, 1996; Nelson, 2007), stress (Kirjonen, 1996), and also affect to increase participation and contribution (Edwards, 1983, Eisenberger, 1990, Mccaffery, 2005).

Because of the hazardous work environment related to uncomfortable situation and effect on behavior (Iverson, 2000), the employer expected to pay greater proportion of variable rewards (Kent 2001). Previous study found that compensations had positive association with reduced organizational-level injuries (Lauver, 2007) and others suspect behaviors. Thus it suggested that the part of solution were increasing the benefit (indirect compensation) and or direct compensation (Sullivan, 2001).

2. Theoretical background and hypotheses

According previous studies (Epstein, 2006, Moyes, 2006, Martin 2006, Montpellier, 2005, Pravin 2004, shangker, 2003, Sullivan, 2001, Mc Donald, 2000, Kirjonen, 1996, Rousseau, 1995, Gibson, 1970), stress symptoms were indicated by different behavior in ages, tenure, employee rank and work status. Demographic characteristics of employees are often used as research moderator variables. For example, longer tenure employees who are dissatisfied within organization may differ with the shorter one (Rhoades, 2002). High favorable perceive better by permanent employees than contract employee (Lynch, 1999). Hence, hypotheses were developed with approaches of perceive indicators for each employee characteristics (Sullivan, 2001).

Age employee's phenomena on work were changes as far as employee growing mature. Young age employee has more high ambitions and expectations for the availability of job rewards than the old one (Debra, 2007). Moral indication tends to be higher among young workers (Hertzberg, Mausner, Peterson, & Campwell, 1957), but the conflicts experienced, due to work/family life changes better as employees grow older. Thus, the trend seems to move downward during the first few years of employment resembling a "U" shape in pattern (Hertzberg, Mausner, Peterson, & Campwell, 1957). Old-age employees pay was increased by employer in mining industry (Montpellier, 2005). Supported by the indications of different ambitions, expectations, moral and pay applications on work of age, therefore to get better understanding relationship between ages and perceived of compensation fulfillment, this study predicted that age is positively related to employee's perception of compensation fulfillment (H1):

H1a: age is positively related to employee's perception of direct compensation fulfillment

H1b: age is positively related to employee's perception of indirect compensation fulfillment

Study limited respondents at Age limitation is base on 30 years of age or younger, whereas above 30 years of age are placed in the older group (Moyes, 2006).

Employee's tenure has several different behavioral indications on work such as involvement and maturity. Tenure with the service of 5 to 12 years are highly involved in their work as compared to the employees who have service of more than 12 years and the employees who have service less than 5 years (Pravin 2004). Longer tenured employees have more favorable view of various aspects of their treatment by the organization (Rhoades, 2002). In hazard work environment, high tenure has more identify and matured well to their environmental work (Ghost, 2007), that make more wisdom perceived their organizational support. Therefore to conclude the indications, this research derived prediction that tenure is positively related to employee's perception of compensation fulfillment (H2):

H2a: Tenure is positively related to employee's perception of direct compensation fulfillment

H2b: Tenure is positively related to employee's perception of indirect compensation fulfillment

High rank employee reported more positive attitudes during change than low rank one (Martin 2006). High employee rank also had lower level of stress relating to work-life balance, overload and job overall, and lower levels of physical ill-health (Tytherleigh 2005). In case of hazard work environment that related to the impact of condition of work overload and stress, family isolation, injuries opportunity and negative affectivity on life satisfaction (Iverson, 2000), the high employee rank that have more positive attitude would perceive as well as high reward (Eisenberger, 1990). Therefore to extend the previous study, this study predicted that employee rank is positively related to employee's perception of direct compensation fulfillment (H3):

H3a: Employee rank is positively related to employee's perception of direct compensation fulfillment

H3b: Employee rank is positively related to employee's perception of indirect compensation fulfillment

The proportion of the workforce on temporary contracts of employment is increasing, as organizations use contract employee as a flexible resource (Rousseau, 1995). The contract employees have more work involvement as compared to permanent ones (Pravin, 2004). But permanent staff has more relational contract, commitment to organizational and job satisfaction was higher among the temporary one (Mc Donald, 2000). Therefore, this study derived prediction that, work status is positively related to employee's perception of direct compensation fulfillment (H5):

H4a: Work status is positively related to employee's perception of direct compensation fulfillment

H4b: Work status is positively related to employee's perception of in direct compensation fulfillment

C. Methods

1. Participant and Setting

The samples of this study consist of 107 employees from mining industry in Indonesia. Questionnaires distribute were 250 and 107 were collected, for two months collection process. The sample populations for the study were collected from Indonesia copper and gold mining company. This job site located in 3800 to 4200 meters above sea level, highest mountain in Indonesia, Jaya Wijaya, Papua Island, with average of 12 degree of Celsius. Researcher collected all of data questionnaires in all service area of surface and underground mining area, maintenance and service department, marine and transportation service, finance, safety and Human resources services, based on safety training list in safety training department at several levels and grades. These samples consist of 93% more than 35 years old employees, with mean of 46.92 years old, 71% high tenure employees, with mean 14.77 years service, 76% high level employee and 66.4% permanent employee status.

2. Measure

Compensation questionnaire developed base on total compensation form (Milcovich 1999) contained of two dimensions of compensation, direct and indirect compensation. Validity test (Pearson product moment correlation) and reliability (Cronbach alpha) conduct twice. First test by 53 questionnaires returned from 80 questionnaires distributed at a general hospital in Jogjakarta, and then on site test

by 93 questionnaires returned from 200 questionnaires distributed of Freeport company job site Papua Indonesia. Fifty one items for all attributes were corrected to 28 valid items by deleting 14 direct compensation items and 9 indirect compensation items, in the first test. Then, 28 items were corrected to 13 valid items by deleting 7 direct compensation items, and 8 indirect compensation items in the final test.

a. Direct compensation fulfillment

Five items questions of perceived direct compensation fulfillment i.e. Fulfillment of base wages, base wage adjustment, cost of living allowance, long-term incentive and short term bonus. Total of 5-items used Likert 5 point scale ranging from strongly disagree (1) to strongly agree (5). Validity and reliability test of 107 respondents of perceived of direct compensation fulfillment items were 0.353 to 0.801 validities value and 0.635 reliability's values.

b. In Direct compensation fulfillment

Eight items questions of perceived in direct compensation fulfillment, i.e. fulfillment of safety allowance, healthy allowance, work tools availability, end year gift, breaking time on work, vacation time, vacation allowance, and work room availability. Total of 8-items used Likert 5 point scale ranging from strongly disagree (1) to strongly agree (5). Validity and reliability test of 107 respondents of perceived in direct compensation fulfillment were 0.686 to 0.829 validity's values and 0.756 reliability's values.

c. Demographic characteristics

Employee characteristics of respondents were contained of tenure: age (Moyes, 2006), tanure (shangker, 2003), Employee rank (Rousseau 1995; Martin, 2006; Tytherleigh, 2005) and work status (Mc Donald, 2000; Pravin 2004; Epstein, 2006).

3 Analysis

Correlation used to test relationship between employee characteristics and each of perceived compensation fulfillments. T-test and Analysis of Variance ANOVA were used to test the hypothesized difference of perceive compensation fulfillment between each pair of employee demographic characteristics, such as pair of ages, pair of employee rank, pair of work status and type of tenure. Regression used to test increasing scenario of perceive fulfillment.

D. Result

1. Correlation between employee characteristics and perceive of compensation fulfillment items

Table 1 contains the descriptive statistics and a correlation matrix for all variables in this study.

| Perceive of fulfillment | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | | |
|-------------------------|------|------|------|----|------|----|------|----|------|----|-------|------|----|---|
| Direct Compensation | 3.51 | .48 | 1 | | | | | | | | | | | |
| Indirect Compensation | 3.73 | .53 | .699 | ** | 1 | | | | | | | | | |
| Total Compensation | 3.65 | .47 | .870 | ** | .961 | ** | 1 | | | | | | | |
| Ages | 45.4 | 7.00 | .677 | ** | .552 | ** | .644 | ** | 1 | | | | | |
| Tenure | 10.5 | 5.05 | .626 | ** | .234 | * | .263 | ** | .488 | ** | 1 | | | |
| Employee Rank | 1.29 | .456 | .500 | ** | .225 | * | .394 | ** | .182 | | -.083 | 1 | | |
| Work status | 1.35 | .478 | .392 | ** | .238 | * | .316 | ** | .207 | * | .121 | .315 | ** | 1 |

, Standard deviation and Correlation among Demographic characteristics and items

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Employee rank (1= non-staff), work status (1=permanent)

Table 1 present the correlation between employee characteristics and perceive of compensation fulfillment items. Ages has positive correlation to compensation ($p < .01$) both in direct ($p < .01$) and indirect compensation ($p < .01$), thus supporting hypothesis 1. Tenure has positive correlation to compensation ($p < .01$) both in direct ($p < .05$) and indirect compensation ($p < .01$), thus supporting hypothesis 2. Employee's rank has positive correlation to compensation ($p < .01$) both in direct ($p < .01$) and indirect compensation ($p < .05$), thus supporting hypothesis 3. Work status has positive correlation to compensation ($p < .01$) both in direct ($p < .01$) and indirect compensation ($p < .05$), thus supporting hypothesis 4. In sum, all of hypotheses were supported but in a varying of significant values.

Study also found strong correlation among employee characteristics and items. Age has strong correlation with compensation both in direct and indirect compensation, but tenure and employee's rank has strong correlation with direct compensation.

2. Different perceived of compensation fulfillment on each pair of employee demographic characteristics

Table 2a
Descriptive statistics and t-test table among demographics characteristics

| | Percent | Mean | SD | Direct C. | | In Direct C. | | Total Compensation | |
|---------------|---------|-------|------|-----------|---------|--------------|---------|--------------------|---------|
| | | | | Mean | t value | Mean | t value | Mean | t value |
| Ages | 107 | | 1.93 | 0.26 | | | | | |
| Younger | 8 | 7% | | | 2.38 | | 2.71 | | 2.58 |
| Older | 99 | 93% | | | 3.60 | | 3.81 | | 3.73 |
| Employee rank | 107 | | 1.29 | 0.46 | | | | | |
| Non Staff | 31 | 29% | | | 3.36 | | 3.66 | | 3.54 |
| Staff | 76 | 71% | | | 3.88 | | 3.92 | | 3.90 |
| Work Status | 107 | | 1.35 | 0.48 | | | | | |
| Permanent | 71 | 66.4% | | | 3.37 | | 3.64 | | 3.55 |
| Contract | 36 | 33.6% | | | 3.77 | | 3.90 | | 3.82 |

* Significant at the 0.05 level (t table = 1.96)
 ** Significant at the 0.01 level (t table = 2.61)

Table 2b
Descriptive statistics and one way Anova of Tenure

| | Percent | Mean | SD | Direct Compensation | | In Direct Compensation | | Total Compensation | |
|------------|---------|-------|----|---------------------|---------|------------------------|---------|--------------------|---------|
| | | | | Mean | F value | Mean | F value | Mean | F value |
| | | | | Tenure | 107 | | 2.13 | 0.515 | |
| < 5 years | 8 | 7.5% | | | 2.40 | | 2.80 | | 2.64 |
| 5-12 years | 77 | 72.0% | | | 3.65 | | 3.83 | | 3.76 |
| > 12 years | 22 | 20.5% | | | 3.42 | | 3.70 | | 3.59 |

* Significant at the 0.05 level (F table: 3.94)
 ** Significant at the 0.01 level (F table: 6.90)

Hypotheses of this study suggested that each pair of employee characteristics would differ on certain perceived of compensation fulfillments. Hypotheses-1 predicted that age is positively related to employee's perception of compensation fulfillment. As shown in table 2a, elder employee has higher perceived of direct compensation fulfillments than the younger ones, $t(107)=10.62$, $p<.01$ (H1a), perceived of indirect compensation fulfillments $t(107)=3.45$, $p<.01$ (H1b), perceived of total compensation fulfillments $t(107)=5.35$, $p<.01$. Hypotheses-2 predicted that tenure is positively related to employee's perception of compensation fulfillment. As shown in table 2b, middle tenure employee has higher perceived of direct compensation fulfillments than the both

of lower and higher ones, $F(107)=47.30$, $p<.01$ (H2a), perceived of indirect compensation fulfillments $t(107)=18.45$, $p<.01$ (H2b), perceived of total compensation fulfillments $t(107)=32.5$, $p<.05$. Hypotheses-3 predicted that Employee rank is positively related to employee's perception of compensation fulfillment. As shown in table 2a, high level of employee has higher perceived of direct compensation fulfillments than the lower ones, $t(107)=5.92$, $p<.05$ (H3a), perceived of indirect compensation fulfillments $t(107)=2.65$, $p<.05$ (H3b), perceived of total compensation fulfillments $t(107)=3.82$, $p<.05$. Finally, hypotheses-4 predicted that work status is positively related to employee's perception of compensation fulfillment. As shown in table 2a, contract employee has higher perceived of direct compensation fulfillments than the permanent ones, $t(107)=-4.37$, $p<.05$ (H4a), perceived of indirect compensation fulfillments $t(107)=-2.51$, $p<.01$, perceived of total compensation fulfillments $t(107)=-3.42$, $p<.05$ (H4b).

E. Conclusion and Discussion

1. Discussion

In order to this finding that the result of perceive value of each pair Employee characteristics, consistent with indication of previous research.

The older employees perceive compensation fulfillment more then the younger ones consist with Moyes (2006) and Debra (2007). It was could be understandable in many reasons. For example as Debra (2006) finding that young ages have higher ambitions and more expectations for the availability of job rewards than the elder ones, and also as Montpellier (2005) study that in mining industries, employer increased their pay to old age employees.

Middle tenure employees perceive compensation fulfillment more then the highest and the lowest ones, consist with Gibson, (1970), Silvestro (2002) Shangker (2003), Pravin (2004). Any reasons were the longer tenured employees might thus have a more favorable view of various aspects of their treatment by the organization (Rhoades, 2002) and they also have more identify and matured well to their environmental work (Ghost, 2007), thus make them more wisdom perceiving these compensation fulfillments.

High employee's rank that perceived more than lower one, consistent to indications study of Mc Donald (2000), Tytherleigh (2005), Martin (2006), Caused of positive attitudes they have more than the lower ones (Eisenberger, 1990).

This study also found that the low work status of employee perceived more

than ones. It was consistent to indications study of Mc Donald (2000) states of higher level of psychological contract, organizational commitment, and job satisfaction than permanent employees. And also consist to Pravin (2004) study that found that work status of contract employees have more work involvement than permanent ones. But differ with lynch (1999) study that found that permanent employee have higher favorable perceive than contract ones.

In order to the scenario of improving perceived of compensation fulfillment, we derived extented Shangker (2003) study, that tenure significantly modified by ages.

Increasing scenario of perceive fulfillment by mediating effect of Employee Demographic Characteristics (•) on Perceived of compensation fulfillment

The scenario to increase, was approached by mediating role, i.e. effect of employee demographic characteristics on perceived of compensation fulfillment. In case we extent Shangker (2003) study, that tenure significantly modified by ages. This study used three equation approach based on baron and Kenny (1986). The procedure was regressed the mediator on the independent variable, dependent variable on the independent variable, and finally dependent variable simultaneously on both the independent variable and on the mediator. According to Baron and Kenny (1986), mediation is demonstrated if the independent variable affects the mediator in the first equation and the dependent variable in the second equation, the mediator affects the dependent variable in the third equation and the effect of the independent on the dependent variable is less in the third than the second equation. Table-3a to 3d showed that Ages have full mediated the relationship between Tenure and perceived of direct compensation fulfillment ($\bullet = .262^{**}$; $\bullet' = -.09$), indirect compensation fulfillment ($\bullet = .234^{**}$; $\bullet' = -.046$) and total compensation fulfillment ($\bullet = .263^{**}$; $\bullet' = -.068$) and also full mediated the relationship between work status and perceived of indirect compensation fulfillment ($\bullet = .239^{**}$; $\bullet' = .130$).

Table 3a
Mediated regression analysis for Tenure

| Equation | Independent Variable | Dependent Variable | β for independent variable | F | R ² |
|----------|----------------------|---|----------------------------------|-----------|----------------|
| 1 | Tenure | Age | .488 ** | 32.825 ** | .231 |
| 2 | Tenure | Perceived Direct Compensation Fulfillment | .262 ** | 7.729 ** | .060 |
| 3 | Tenure | Perceived Direct Compensation Fulfillment | -.090 | 45.017 * | .454 |
| | Age | Perceived Direct Compensation Fulfillment | .677 ** | 88.683 ** | .453 |

** Significant at the 0.01 level
* Significant at the 0.05 level

Table 3b
Mediated regression analysis for Tenure

| Equation | Independent Variable | Dependent Variable | β for independent variable | F | R ² |
|----------|----------------------|--|----------------------------------|-----------|----------------|
| 1 | Tenure | Age | .488 ** | 32.825 ** | .231 |
| 2 | Tenure | Perceived in Direct Compensation Fulfillment | .234 * | 6.068 * | .046 |
| 3 | Tenure | Perceived in Direct Compensation Fulfillment | -.046 | 22.943 ** | .293 |
| | Age | Perceived in Direct Compensation Fulfillment | .522 ** | 45.974 ** | .298 |

** Significant at the 0.01 level
* Significant at the 0.05 level

Table 3c
Mediated regression analysis for Tenure

| Equation | Independent Variable | Dependent Variable | β for independent variable | F | R ² |
|----------|----------------------|---|----------------------------------|-----------|----------------|
| 1 | Tenure | Age | .488 ** | 32.825 ** | .231 |
| 2 | Tenure | Perceived total Direct Compensation Fulfillment | .263 ** | 7.773 ** | .060 |
| 3 | Tenure | Perceived total Direct Compensation Fulfillment | -.068 | 37.354 ** | .407 |
| | Age | Perceived total Direct Compensation Fulfillment | .644 ** | 74.347 ** | .409 |

** Significant at the 0.01 level

Table 3d
Mediated regression analysis for Status

| Equation | Independent Variable | Dependent Variable | β for independent variable | F | R ² |
|----------|----------------------|--|----------------------------------|-----------|----------------|
| 1 | Status | Age | .207 * | 4.683 ** | .034 |
| 2 | Status | Perceived in Direct Compensation Fulfillment | .239 * | 6.313 ** | .048 |
| 3 | Status | Perceived in Direct Compensation Fulfillment | .130 | 24.538 ** | .308 |
| | Age | Perceived in Direct Compensation Fulfillment | .522 ** | 45.974 ** | .298 |

** Significant at the 0.01 level

* Significant at the 0.05 level

Regression among Demographic characteristics and items in table-4 showed the variety effect of Employee characteristics to all of perceived fulfillment. In case Age effect on perceived all of compensation items, but different with tenure, level and status of employees. Tenure effect on perceived of Base wage, Base Wage Adjustment, Short term bonus, Safety pay, and Vacation pay. Level of employee effect on perceived of Base wage, Base Wage Adjustment, Short term bonus, healthy pay, Safety pay, break time on work, and Vacation. And also status employee effect on perceived of Base wage, Base Wage Adjustment, Short term bonus, Safety pay, Healthy pay, Break time on work, Vacation, and Vacation pay.

Table 4
Regression among Demographic characteristics and compensation items

| | Ages | Tenure | Level of employee | Status of Employee |
|--------------------------|---------|---------|-------------------|--------------------|
| Base wage | .357 ** | .245 ** | .217 ** | .215 * |
| Base Wage Adjustment | .495 ** | .243 ** | .293 ** | .265 ** |
| Cost of living allowance | .325 ** | .076 | .151 | .126 |
| Long term incentive | .211 * | .193 | .138 | .180 |
| Short term bonus | .675 * | .351 ** | .341 ** | .300 ** |
| Safety pay | .495 ** | .243 * | .293 ** | .265 ** |
| Healthy pay | .382 ** | .103 | .217 * | .216 * |
| Work tools fulfillment | .330 ** | .141 | .073 | .163 |
| End year gift | .344 ** | .115 | .114 | .159 |
| Break time on work | .516 ** | .175 | .309 ** | .361 ** |
| Vacation | .576 ** | .300 | .283 ** | .250 ** |
| Vacation pay | .246 * | .025 ** | .171 | .217 * |
| Work room availability | .322 ** | .174 | .059 | .032 |

* Significant at the 0.05 level

** Significant at the 0.01 level

It was explainable because of tenure with perceived of compensation

fulfillment could be improved with the increasing stability of psychological situations of ambitions and expectations of reward by increasing the age (Debra, 2006). It worked to perceive total compensation fulfillment, and both of direct and indirect ones. It also worked on work status but limited on perceived of in direct compensation fulfillment.

2. Implication

Generally this finding implied to ask several question that based behavioral and attitudinal outcomes on how to maximize productivity and employee self-esteem (Gardner 2004), increase performance (Pearce, 1985), maximize achievement (William 1996), increase professional retention, decrease turnover rate (McClausland, 2005), manage turnover (Herpen, 2005), increase participation and contribution (Edwards, 1983, Eisenberger, 1990, Mccaffery, 2005), Managing work attitudes (Shore, 2006), increase work satisfaction (Herpen, 2005), improve job satisfaction (McClausland, 2005), developed high trust and commitment, maintain retention, (Roderick, 2000), increase perceived pay fairness (Shore, 2006), manage behavior on satisfaction (Spitzer, 1996; Nelson, 2007), and increase life satisfaction, and managing stress (Kirjonen, 1996)

Base on Milcovich (1999), compensation model both of direct and indirect had to be concern to strategic issued at the recent and future faced which is correlate the job and organization design in order to pay design, and the compensation goals both of internal and external equity. And also based on pay that is always a competitive issue in staffing and pay was needs to be addressed openly and frankly (Brown, 2006), the finding of this study correlated to level and work status issues. High level employee had complex related issues, such as medical benefits, workers' compensation claims, payroll tax compliance, and unemployment insurance claims (Soutar, 1995), while the lower one related to legal issues and responsibilities of employer (Tauber, 2002), and also direct conflict with the broader Labour Law (Lauffs 2005). High level employee perceived of compensation fulfillment level should concern back to payment of a base salary, a minimum quota, and bonuses through commissions, guiding on that may concentrate on maximizing their short-term revenue, which might not be to the firm's long-term advantage, collectibility of the receivables that measuring the performance, essential to an incentive-based plan, and management should maintain constant attention to ensure a competent, trustworthy staff (Lee, 1989).

Result of this study that indicated with the compensations fulfillment had been perceived differently by different ages and tenure, and level employee, would decrease the compliance, and claim within the organization, guided the employee to focus on their performance and their competencies and trustworthy. Supporting of all hypotheses of this study, describe that those are any difference perceive on Employee characteristics through compensation both direct and in direct fulfillment to the employee were attract the management to increase both internal and external equity, design pay structure fairly and suitable with the general business strategic issues faced (Milcovich, 1999)

3. Limitation and Future Research

The study focused on differentiation of Employee characteristics to perceive of both direct and in direct fulfillment, was limited by individual characteristics. The situation may be not as simple as this case that may influence by a lot of moderation including individual level such as factors in the situation such as time, work group setting and social setting and other factor in person/perceivers such as attitudes, motives, interests, experiences and expectations or behavior such as consistency face to halo and or contras effect, group level or organizational level moderator or intervention (Robbins 2006), and also strategic level behind the compensation policies such as job and organization design in order to pay design, and the compensation goals both of internal and external equity (Milcovich 1999).

Future challenges that changing of human resources reward paradigm from mechanical sources to human being, related to the union relationship (Binotto, 2007), post employer pay (Aspinwall, 2007), pay tax (Segal, 2007), multi employer pay (Blumenstein, 2007), that imply increasing of achievement of human resources and organizational objectives, such as reinforcing an overall corporate objectives of increasing profitability, focus both individual and team effort, and emphasize both shot-term and long term strategies (William 1996; milcovich 1999; P Robbin, 2006).

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