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## THE PLAN'S ANALYSIS OF FLEXIBLE BENEFITS CONCEPT IMPLEMENTATION TOWARDS THE BABY BOOMERS, X, AND Y (MILLENNIALS) GENERATIONS

Bayu Ade Candra<sup>1</sup>, Andri Winata<sup>2</sup>, Anuar Sanusi<sup>3</sup>

<sup>1</sup>Informatics and Business Institute Darmajaya, <sup>2</sup> Informatics and Business Institute Darmajaya,

<sup>3</sup> Informatics and Business Institute Darmajaya

<sup>1</sup>bayuadecandra@gmail.com, <sup>2</sup>andriwinata@darmajaya.ac.id,

<sup>3</sup>anuarsanusi@ymail.com

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### ABSTRACT

*The flexible benefits concept has been widely adopted by a lot of companies around the world. This research examined whether the concept was relevant to be applied in one of the companies in Indonesia that business on agroindustry, whereas the company has owned various employees through generation such as; Baby Boomers, X, and Y generation (millennials generation). Qualitative approach was applied in this research. Therefore, the instrument of the data was obtained by doing observation, interview, and documentation. The data analysing process was done in several steps; accumulating, reducing, and serving the data, also concluding the result. Moreover, the result of this research was explained descriptively and will be tested through credibility, transferability, dependability and confirmability test. The result of this research showed that the Baby Boomers, X, and Y generation employees appreciate the concept since it provides them with benefits they need. Indeed, however, it is suggested that if the concept, flexible benefits are effective and efficient, before be implemented in certain company, the management team should support it as well as Compensation and Benefits Departement (C&B) should educate their staff deeply about the concept in order to be applied well.*

**keyword:** Flexible benefits; Gen X; Gen Y; Millennials; Baby Boomers

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### ABSTRACT

*Konsep flexible benefits mulai banyak di adopsi oleh perusahaan-perusahaan yang ada di Indonesia. Pada penelitian ini, akan diteliti apakah konsep tersebut relevan untuk diterapkan di salah satu perusahaan di Indonesia yang bergerak di bidang agroindustri. Dimana perusahaan tersebut sudah memiliki demografi generasi karyawan yang mulai beragam di*

dalamnya, 28 tara lain Generasi Baby Boomers, Generasi X dan Generasi Y (Generasi Milenial). Penelitian ini menggunakan metode kualitatif. Peneliti menganalisis berdasarkan data yang diperoleh dari lapangan dengan cara observasi, wawancara dan dokumentasi. Proses analisis data dilakukan dengan melalui tahap pengumpulan data, reduksi data, penyajian data dan kesimpulan. Pada penelitian ini, hasil dari pengolahan data akan dinyatakan secara deskriptif dan dilakukan pengujian data melalui uji *credibility*, *transferability*, *dependability* dan *confirmability*. Hasil penelitian menunjukkan bahwa karyawan generasi baby boomers, X dan Y mengapresiasi konsep ini untuk dapat diimplementasikan karena konsep *flexible benefits* dapat memberikan pilihan paket benefits kepada karyawan. Saran dari peneliti, sebelum konsep *flexible benefits* yang efektif dan efisien ini ingin diimplementasikan, maka manajemen harus mendukung dan Departemen *Compensation and Benefit* (C&B) harus membekali personilnya dengan pengetahuan mengenai bagaimana *flexible benefits* lebih mendalam agar konsep tersebut dapat terencana dan terimplementasi dengan baik.

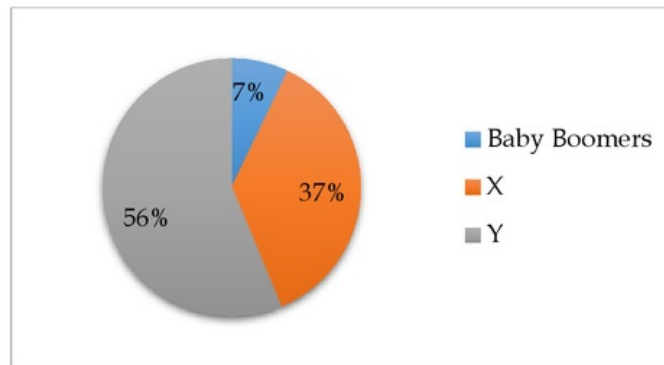
**Kata Kunci:** *Flexible benefits*; Generasi X; Generasi Y; Milenial; Generasi Baby Boomers

## INTRODUCTION

Based on the discussion of researcher with the management of the company regarding efforts to provide compensation and benefits that are able to accommodate the needs of its employees and see the condition of employees who are now starting to be dominated by the millennial generation. Therefore, researcher are interested in researching whether there is a need for new compensation and benefits concepts to be implemented in company. At the World Economic Forum in 2010 in Switzerland, "Rethinking, redesigning and rebuilding", employers also need programs that help increase productivity and reduce costs, but the traditional compensation concept unable to accommodate it. Until the last 35 years, flexible benefits plans have gradually emerged in response to the diversity of characteristics of work generation, such as in North America, Canada and Europe (Ayache and Naima, 2014). Based on research and the application of the flexible benefits concept that has been carried out in these countries, the concept of flexible benefits has begun to be widely adopted by companies in the world. In this research, it will be examined whether the concept will be relevant for Baby Boomers, X and Y (Millennial) generation.

Differences of generations in the world of work become a phenomenon that will emerge along with the continued development of human resource management. Mannheim said the younger generation cannot socialize perfectly because of the limitations between the values taught by the older/previous generation with the reality faced by the younger generation (Putra, 2016). The research was conducted on one of the companies in Indonesia and engaged in *argoindustri*. Based on the composition of employees which is spread throughout Indonesia with a total of 5,185 permanent employees, 2,615 contract employees, 95 management trainees, 31 retirees and 17,000

daily workers. By grouping generations of employees consisting of baby boomers, generation X and generation Y (Millennials), the researcher limited the research to the headquarter office located in Jakarta with a total of 112 employees (data as of March 2018). Demography of Jakarta office employees can be seen in the following diagram:



**Figure 1 . Employee Demography (Generation Group)**

Identification of problems in the preparation of the research was obtained, including: The variation of employees demographic in the company; The compensation and benefits provided by the company have not been fully utilized by the employees; It has been felt that there is a need to change the concept of compensation and benefits in accordance with the characteristics of the most dominant generation but still accommodate other generations; The company is not yet aware needs that are truly needed and can be used appropriately by employees

Based on the identification of problems and restrictions on problems, the following problems can be formulated: What types of benefits are provided by the company to employees?; What is the level of employee satisfaction regarding the benefits received?; How is the employee's knowledge of the flexible benefits concept?; Is the implementation of flexible benefits plan will be relevant for baby boomers, X and Y (Millennials) generation?. The research objectives in this research, namely: To identify the types of benefits provided by the company to employees; To analyze the ratio of the level of employee satisfaction regarding the benefits currently received; To analyze of understand owned employees about the concept of flexible benefits; To find out relevance flexible benefits implementation for the baby boomers, X and Y (Millennials) generation.

The benefits in this research can be seen from different perspectives, including: For the Company, it is hoped that the results of this research can be useful as input and consideration in the preparation of policies relating to



the implementation of the remuneration concept owned by the company . In addition, the results of the study are expected to be an alternative choice for companies in providing satisfaction for each generation of employees in the company. For Educational Institutions, research result are expected to be used as a reference for the other research in the future, especially for researchers who are interested in the flexible benefits and theory of generation, like the baby boomers, X and Y (Millenials) generation.

## LITERATURE REVIEW

Executives try to find constant things in a situation, explore something that is strategic and generic as opposed to "solving problems" (Mathis and Jackson, 2005). Something that is strategic can also be implemented in the concept of compensation and benefits for employees in a company. The flexible <sup>19</sup>efits plan is said to support an ethical organizational situation because traditional plans ensure fairness b<sup>1</sup> providing equal benefits for all employees, while flexible plans ensure the quality of work life by providing benefits that are suitable for the needs and desires of each employee (Ayache and Naima , 2014).

The concept of generation has meaning that can be seen through two points of view. Generations can refer to generations of families or to social generations which a<sup>6</sup> a group of people born in the same place within a certain date range. In the use of sociological concepts, a generation<sup>6</sup> is thought to consist of strata born within a limited time in a period that not only has the same date of birth but also a similar sociocultural experience (Pyoria et al, 2017). Basically, grouping of generations beg<sup>23</sup> because of the premise that generation is a group of individuals who are influenced by historical events and cultural phenomena that occur and are experienced in the phase of their lives (Nobel and Schewe, 2003). These events and phenomena lead to the formation of collective memories that have an impact on their lives (Nobel and Schewe, 2003). Grouping existing generations can be seen in the following table:

**Table 1. Grouping of Generations**

Ta <sup>18</sup> Kelahiran	Nama Generasi
1925 - 1945	Veteran generation
1946 - 1964	Baby boom generation
1965 - 1980	X generation
1981 - 1995	Y generation
1996 - 2010	Z generation
2011 +	Alfa generation

(Source : Oblinger and Oblinger, 2005)

## RESEARCH METHOD

This research focuses on research that is process by analyzing based on data obtained from the field repeatedly, so this type of research belongs to qualitative research (Sugiyono, 2017). In this research, the results of data processing will be expressed descriptively where the process is carried out to determine the level of relevance regarding the concept of flexible benefits that are planned to be implemented in the compensation and benefits system of the company. The researcher acts as a human instrument will determine the focus of the research, selecting informants as data sources, collecting data, assessing data quality, analyzing data, interpreting data and making conclusions from the results obtained.

Data collection can be done in various data sources, including primary sources and secondary sources. Primary data sources in this research were obtained directly from employees by answering the questions posed to them. The number of data sources that have been determined can increase when conducting research. This can happen if the researcher feels that the data obtained from the primary data source that has been determined at the beginning has not been able to represent the results expected by the researcher. Secondary data sources in this research were obtained from the company's employee database both in hardcopy and digital data obtained from the company's Human Resources Information System. In this case the system used by the company is SAP-HR. In addition, the other data is also obtained from literature studies to find supporting theories for research conducted.

In this research, data collection techniques that were carried out were triangulation techniques. Researchers make observations, interviews and documentation. In the observation process, researchers act as employees and see how the currently concept of benefits is implemented in the company. The next process carried out by researchers is interviews with several employees. The size of the sample is determined using a purposive technique in which the researcher cannot determine how much total sample can be taken from a population of 112 employees using certain formulas or calculations. Determination of the sample or respondent is considered adequate if it has arrived at the level of "redundancy" that is the data has been saturated and added the sample no longer provides new information. The last process in this triangulation data collection technique is documentation. The process is carried out by reading other books/ literature/ scientific works and other data sources that have a relationship with this research. Reference sources can be obtained both physically and electronically.

In this research, data analysis was implemented by following the Miles and

Huberman model. Activities in data analysis of this model, such as: data collection, data reduction, data display and conclusion (Sugiyono, 2017). In qualitative research, the validity of the data obtained in the study was tested by performing four tests, namely: credibility, transferability, dependability and confirmability (Sugiyono, 2017).

## FINDINGS AND DISCUSSION

Research that has been do at Headquarters company in Jakarta, employee demography based on position level each generation as on table 2:

**Table 2. Classification Generation of Headquarter Office (Jakarta) Employees**

No.	Position Level	Generation			Total
		Baby Boomers	X	Y	
1	Director	1	2	-	3
2	Associated Director	1	-	-	1
3	Senior Manager	1	5	6	12
4	Manager	4	13	18	25
5	Junior Manager	-	7	14	21
6	Officer	1	9	20	30
7	Staff	-	3	15	18
8	Executor	-	2	-	2
Total		8	41	63	112

( Source : SAP HR Company Application , 2018 )

Table 2 show that generation Y (millennial) that dominates with a total of 63 employees. Positions occupied by generation millennial this too can said an important position. Of the total 112 existing employees in headquarter office , researcher get sample research as many as 27 employees. For get desired results on process data collection, researchers give some question as on table 3 below :

**Table 3. List Question Process Interview**

Name	Question
Question 1	Is that your compensation & benefits accept when this already corresponding with desire you ?
Question 2	Is that your compensation & benefits accept when this already meetneeds you ?
Question 3	Are there any benefits that you have get it but rarely / not ever youuse it ?
Question 4	Are there any benefits that you have need but not yet you get itwhen this ?

- Question 5 Are you ever hear about Flexible Benefits?  
 Question 6 Are you understand about Flexible Benefits?

Questions for research's sample obtained results as on table 4 below :

Table 4. Results Research							
No.	Question	Baby Boomers		Gen X		Gen Y ( Millenials )	
		Yes	No	Yes	No	Yes	No
1	Question 1	2	1	2	2	8	12
2	Question 2	1	2	2	2	9	11
3	Question 3	1	2	2	2	10	10
4	Question 4	0	3	1	3	14	6
5	Question 5	0	3	2	2	6	14
6	Question 6	0	3	0	4	4	16

On question the number 3 obtained results that 14 employee who stated that have been use/ use benefits received from company. Whereas 13 employee others declare that there is benefits they get it but rarely or never used. Benefits are never used by employees, such as: glasses, lenses, medical outpatient limit, health insurance (non BPJS\*), COP (Car Ownership Program), official home service and parking. While on question number 4 is obtained results that 12 employees declare that benefits granted by company have been meet needs they are, so felt there is nothing benefits they need but not yet they get it and 15 employees declare that there is benefits that they need it but not yet given by company as installment housing/ apartments, cars, sports facilities, travel insurance, entertainment, work tool, training, benefits back to area origin , and transportation allowance.

To see employee dissatisfaction with the benefits they have received at the moment, the researcher gives the question "Are you satisfied with the currently benefits?", Based on that question, obtained the percentage as shown in Figure 2.

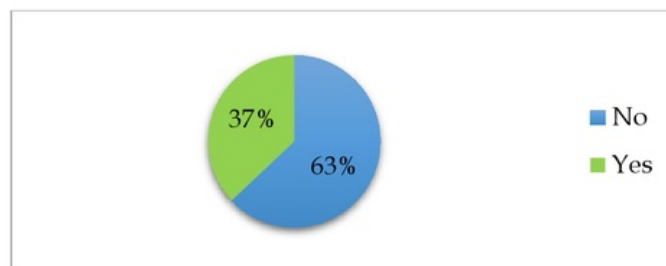
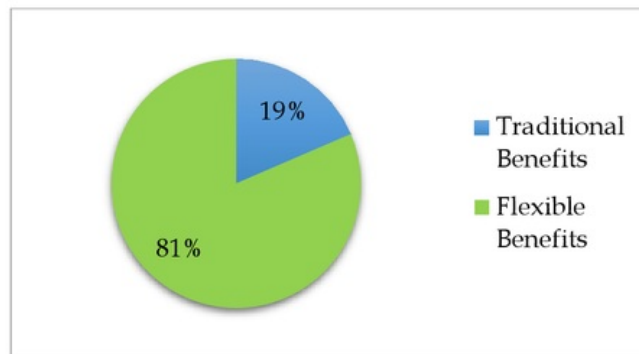


Figure 2. Satisfaction Employee Percentage Chart



The diagram in Figure 2 shows that the percentage value of employee dissatisfaction with the currently benefits they receive is 26% higher than the percentage value of employees who expressed satisfaction. In addition to looking for the level of employee satisfaction with the benefits they receive at this time, the researchers also conducted a comparative analysis of the level of employee enthusiasm between the concept of the benefits they currently receive (traditional benefits) and the concept of flexible benefits. Based on the results of the interview process on which concepts are preferred by employees, the percentage diagram is shown as in Figure 3 below:



**Figure 3. Employee Choice of Benefits Concept**

In the figure 3 shows percentage employee's interest to flexible benefits plan higher than the percentage selection employee to currently concepts which is traditional benefits plan. Difference percentage both is 61% with value flexible benefits 81% and traditional benefits 19%.

From the results obtained, researchers argue that the company and its good employees have mutualism working relationships. Where both parties are expected to contribute well between the two. Companies and employees should be able to carry out each of their obligations and be able to get the expected rights between the two. One aspect that needs to be considered by the company is the compensation and benefits provided to employees. If the level of employee satisfaction with it can be fulfilled, then the company will receive the good impact that employees will have a high sense of loyalty to the company because they think the company has paid attention to the their needs.

In a company there is a change in regulation is normal. When an old regulation is deemed irrelevant, the company can change the regulation as long as it does not violate the rules set by the government. Just as the concept of compensation and benefits in a company that is perceived to be irrelevant to accommodate the needs of its employees, the company can plan

to use a new concept that is more relevant to meet the needs of its employees, which is currently dominated by generations of millennials or Y generation especially those located at headquarters (Jakarta).

The company's initiative to change the existing concept of benefits into a concept of benefits that is more relevant to all employees is a form of management control. In this process management plays an important role in the change process that will be planned. This is in line with previous research conducted by Roberto Barontini, Stefano Bozzi and Guido Ferarrini. In his research, it was found that the remuneration standard and its limitations needed to be controlled and the action was expected to be carried out by the company which in this case could be carried out by the management level or the Board of Directors (Barontini et al, 2017).

Based on the results of observations, interviews and internal documentation obtained by the company, researchers consider that the company already has many and specific benefits components, only the allocation is deemed inappropriate with the current demographic conditions of employees. The results of the study show that the concept of benefits that are currently implemented by the company cannot cause even satisfaction for all employees. This is reinforced by the percentage of employee dissatisfaction with the benefits received higher than the percentage of employees who expressed satisfaction with the benefits received. Such dissatisfaction can occur because there are still components of benefits that are obtained but are not utilized by employees and there are still benefits that are desired by employees but not yet provided or provided by the company.

One of the efforts that can be done by the company to solve this problem is by looking for other alternatives to the concept of benefits that have been implemented at this time. The concept that can be another alternative is flexible benefits. Based on previous research conducted by Dr. Zoubair Ayache and Ghennam Naima who stated that the concept of flexible benefits is very relevant for companies that are dominated by millennials and have an effect on the level of intention to quit employees (Ayache and Naima, 2014). The application of the flexible benefits concept can also be used by the Human Resources Department as a form of innovation that can be given to companies. As with previous studies that have been carried out by Melissa W. Barringer and George T. Milkovich. In their research they concluded that the provision of compensation and flexible benefits can be applied as a form of human resources innovation in a company. Pressure in institutions, profits and efficiency expected by the company, labor market conditions, employee desires and variations of the nature of a job are specific cases that are usually exceeded in the flexible benefits plan (Barringer and Milkovich, 1998). At the end, researchers can describe the supporting factors which state that the concept of flexible benefits is relevant to be implemented. Aspects

found such as, the demographics of employee generation, the level of employee satisfaction <sup>10</sup>h the concept of benefits that exist <sup>7</sup>nd how the opinions and interests of employees of baby boomers, X and Y to the concept of flexible benefits.

## CONCLUSION

Based on the description of the results of the research and discussion discussed in the previous chapter, researchers can draw conclusions from this study, among others: The company has provided compensation and benefits components in accordance with government regulations, but of all the benefits provided by the company in accordance with the level of office each employee, in their realization not all benefits are utilized by employees, such as medical ceilings, Car Ownership Programs (COP) and several other benefits; The level of employee satisfaction with the benefits currently received is lower than the level of employee dissatisfaction with the benefits currently received; The results of the study showed that most employees did not know about the concept of flexible benefits, but employees gave a positive response after the researcher gave an explanation of the concept; The planned implementation of the flexible benefits concept gets a high appreciation and can be seen from the higher percentage of employees who choose the flexible benefits concept that is 81% compared to the traditional benefits concept which only reaches a ratio of 19%. This shows that the flexible benefits concept can be accepted by baby boomers, X and Y (Millenials) generation can be taken into consideration that the concept is relevant to implement.

Based on the conclusions that have been made, the researcher gives the following suggestions: The company is advised to conduct an in-depth employee engagement survey related to the compensation and benefits provided by the company to employees and it is expected that employees can provide feedback that is truly in line with their realization so that the company can know what they have given employees is actually useful and has been used by employees; Based on the results of research that shows that the level of employee dissatisfaction with the benefits that exist today, researchers suggest <sup>7</sup>t that companies should have to change the traditional benefits concept to the concept of flexible benefits based on the analysis of researchers who stated that the concept is relevant to be implemented ; Before starting the implementation of the flexible benefits concept, companies must prepare relevant employees to deal with this by providing more in-depth training on flexible benefits so that employees have more detailed knowledge and provide general information to all employees regarding the concept of flexible benefits so that employees get an overview concepts that will be applied later as what; Management and all employees



are expected to be more open minded to changes or something new which in this case can support and be cooperative with all the processes carried out during the transition period in implementing the concept of flexible benefits; The researcher suggests that companies conduct comparative studies to companies that have used or implemented the flexible benefits concept as an illustration to find out what this 75 companies must prepare in the transition from the old concept of benefits to the concept of flexible benefits.

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