



PAPER – OPEN ACCESS

Operational Performance Analysis Through Remuneration Fairness After the Corporate Action of the PTPN IV Palmco Merger

Author : Gia Asra, et al
DOI : 10.32734/lwsa.v9i2.2787
Electronic ISSN : 2654-7066
Print ISSN : 2654-7058

Volume 9 Issue 2 – 2026 TALENTA Conference Series: Local Wisdom, Social, and Arts (LWSA)



This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/).

Published under licence by TALENTA Publisher, Universitas Sumatera Utara



Operational Performance Analysis Through Remuneration Fairness After the Corporate Action of the PTPN IV Palmco Merger

Gia Asra^a, Wahyu Ario Pratomo^b, Yeni Absah^c

^aStudent at Master of Management Study Program, Postgraduate School, Universitas Sumatera Utara, Medan 20155, Indonesia

^bDepartment of Development Economics, Faculty of Economic and Business, Universitas Sumatera Utara, 20155, Indonesia

^cDepartment of Management, Faculty of Economic and Business, Universitas Sumatera Utara, 20155, Indonesia

asra.giga@gmail.com. wahyu@usu.ac.id, yeni.absah@usu.ac.id

Abstrak

Merger merupakan salah satu strategi korporasi yang bertujuan untuk meningkatkan daya saing dan efisiensi operasional perusahaan. Dalam praktiknya, merger tidak hanya membawa perubahan pada struktur organisasi, tetapi juga berdampak signifikan terhadap pengelolaan kinerja operasional dan kebijakan remunerasi karyawan. Merger dalam Grup PTPN, khususnya pembentukan PTPN IV PalmCo, merupakan bentuk strategi tersebut. Penelitian ini bertujuan untuk menganalisis kinerja operasional dengan meninjau keadilan remunerasi pasca aksi korporasi. Penelitian ini bersifat deskriptif - kuantitatif dan asosiatif - kausal. Deskriptif digunakan untuk menggambarkan karakteristik responden serta persepsi terhadap remunerasi dan kinerja. Sedangkan pendekatan asosiatif - kausal digunakan untuk menganalisis sejauh mana remunerasi memengaruhi kinerja operasional, baik secara langsung maupun melalui persepsi keadilan sebagai variabel intervening. Hasil penelitian menunjukkan bahwa meskipun merger berpotensi meningkatkan efisiensi biaya dan sinergi operasional, ketidaksesuaian dalam kebijakan remunerasi dapat berdampak negatif terhadap motivasi dan retensi karyawan. Oleh karena itu, strategi manajemen yang tepat diperlukan untuk menyelaraskan kinerja operasional dengan sistem remunerasi yang adil dan transparan. Penyelarasan ini penting untuk mencapai keberlanjutan bisnis, meningkatkan efektivitas manajemen kinerja pasca-merger, serta mendorong sinergi operasional. Hal ini mencakup perbaikan dalam proses penilaian kinerja, pelatihan, dan pengembangan karyawan.

Kata kunci: merger; manajemen kinerja operasional; remunerasi; efisiensi; kepuasan karyawan

Abstract

Merger is a corporate strategy aimed at enhancing a company's competitiveness and operational efficiency. In practice, mergers bring not only changes to the organizational structure but also significant impacts on the management of operational performance and employee remuneration policies. The merger of the PTPN Group, specifically the formation of PTPN IV PalmCo, represents such a strategic move. This study aims to analyze operational performance by examining the fairness of remuneration following the corporate action. Employing both quantitative and qualitative approaches, the study evaluates changes in operational efficiency, labor productivity, and employee perceptions of satisfaction with remuneration policies. The findings indicate that while the merger has the potential to improve cost efficiency and operational synergy, inconsistencies in remuneration policies may negatively influence employee motivation and retention. Therefore, an appropriate management strategy is essential to align operational performance with fair and transparent remuneration systems. Such alignment is crucial to achieving business sustainability, enhancing the effectiveness of post-merger performance management, and fostering operational synergy. This includes improvements in performance appraisal processes, training, and employee development initiatives

Keywords: merger; operational performance management; remuneration; efficiency; employee satisfaction

1. Introduction

In recent years, the Indonesian government, through the Ministry of State-Owned Enterprises, has encouraged structural transformation in the plantation sector by conducting corporate actions in the form of consolidation and mergers of subsidiaries under the Nusantara Plantation Holding Company (PTPN Group). One concrete form of this transformation is the merger of similar business units into three sub-holdings based on their main commodities, such as PT Sinergi Gula Nusantara (SGN) becoming the Sugar Commodity Subholding, the merger of the former PTPN III, PTPN V, PTPN VI, and PTPN XIII into PTPN IV to become the PalmCo Palm Oil Commodity Subholding, and the merger of PTPN

II, PTPN VII, PTPN VIII, IX, X, XI, XII, and XIV into PTPN I to form the SupportingCo Subholding (assets and commodities other than palm oil). This step aims to create operational synergies, cost efficiencies, asset optimization, and overall added value.

Operational performance is one of the key indicators for assessing the success of a merger. In the context of the PTPN Group, the main challenge after the merger is to ensure that the new remuneration policy is able to boost morale, increase productivity, and encourage overall work process efficiency. On the other hand, if the remuneration system is not positively received by employees, it can actually lead to a decline in performance, job dissatisfaction, and resistance to change.

On the other hand, remuneration is one of the critical human resource management instruments in attracting, retaining, and motivating employees. A competitive and fair remuneration system and level are believed to be positively correlated with individual and organizational performance. After a merger, changes in a company's operational performance have the potential to significantly impact the company's ability and policy in determining and adjusting employee remuneration. According to Kaplan and Norton (1996) in Balanced Score Card, improved operational performance can open up opportunities to provide more attractive remuneration as a form of reward for employee contributions. Conversely, a decline in performance can limit the company's flexibility in providing competitive remuneration and even potentially trigger adjustments that are less favorable to employees.

Although there is extensive literature on the impact of mergers on company performance in general, research that specifically examines the relationship between post-merger operational performance and employee remuneration systems and levels, especially in the context of the plantation industry and specifically the PTPN Group, is still relatively limited. A deep understanding of how post-merger operational performance dynamics interact with remuneration policies is crucial for PTPN Group management in effectively managing human resources, retaining key talent, and ensuring the alignment of individual goals with company goals post-integration.

Based on this background, this study aims to empirically analyze the effect of operational performance on remuneration after a corporate merger within the PTPN Group. The results of this study are expected to provide comprehensive insights into the impact of operational integration on remuneration policies in plantation companies, as well as its implications for employee motivation and performance, which ultimately contribute to the long-term success of the PTPN Group after the merger.

2. Literature Review

This study focuses on analyzing operational performance in relation to the remuneration system following a corporate merger carried out by Holding Perkebunan Nusantara (PTPN Group). Therefore, the theories underlying this study include remuneration theory, operational performance theory, corporate merger and organizational change theory, expectancy theory, equity theory, and state-owned enterprise and governance theory.

The theories used in this study will be elaborated to provide a basis for the conceptual framework and hypothesis formulation, as well as a reference in developing research instruments and data analysis. In addition, the theories studied also serve as a reference in comparing the findings with empirical conditions in the field.

With a strong theoretical foundation, it is hoped that this research will be able to make a meaningful contribution, both academically and practically, in the context of PTPN IV PalmCo management, particularly in the measurement and evaluation of performance and the governance of the remuneration system after the corporate merger.

a) Remuneration Theory

According to Milkovich and Newman (2008), a good remuneration system can increase work motivation, employee retention, and overall organizational performance. Remuneration is not only a reward tool, but also a control and strategy tool in performance management. Remuneration includes all forms of compensation received by employees as a result of their contributions to the company, both financial and non-financial. The main components of remuneration include: base salary, fixed and variable allowances, performance incentives and bonuses, facilities, and welfare benefits. In the post-merger context, harmonizing the remuneration system is an important issue because it concerns fairness and internal competitiveness.

b) Operational Performance Theory

Operational performance is a measure of the effectiveness and efficiency of an organization's operational activities in achieving its goals. According to Kaplan and Norton (1996) in Balanced Score Card, operational performance is the result of a systematically managed process to produce the best output that supports the organization's strategic objectives. Operational performance can be viewed from several perspectives, namely financial, customer, internal business processes, and learning and growth. In the context of state-owned enterprises such as the PTPN Group, operational indicators typically include productivity, cost efficiency, asset utilization, and production process speed.

c) The Theory of Cooperative Mergers and Organizational Change

According to Cartwright & Cooper (1992), mergers can trigger major changes in organizational structure and work culture, which, if not managed properly, will impact employee performance and the organization as a whole. In the PTPN Group merger, the consolidation of business units into a holding company also led to a transformation of the human resource management system, including in terms of remuneration and performance measurement.

d) Expectancy Theory

According to Victor Vroom (1964), individuals will be motivated to work hard if they believe that their efforts will result in good performance and desired rewards. This theory is relevant in assessing the extent to which remuneration systems influence work motivation.

e) Equity Theory

Equity Theory, developed by J. Stacy Adams (1963), states that individuals will feel satisfied if the ratio of their input and output (effort and reward) is comparable to that of their coworkers. Inequality will cause dissatisfaction, which can reduce motivation and performance.

3. Methods

a. Research Approach

This study uses a quantitative approach with an explanatory research design that aims to examine the causal relationship between post-merger remuneration variables, perceptions of remuneration fairness, and employee operational performance in PTPN Group business units after the merger.

This approach was chosen because the main focus of the study was to measure the influence between variables through the collection of numerical data, statistical analysis, and hypothesis testing based on data obtained from questionnaires and interviews with the management of regional palm oil plantation business units of PTPN IV.

b. Research Method

This research is descriptive-quantitative and associative-causal in nature. Descriptive methods are used to describe the characteristics of respondents and their perceptions of remuneration and performance. Meanwhile, associative-causal approaches are used to analyze the extent to which remuneration affects operational performance, both directly and through perceptions of fairness as an intervening variable. Here is a diagram of the research stages :

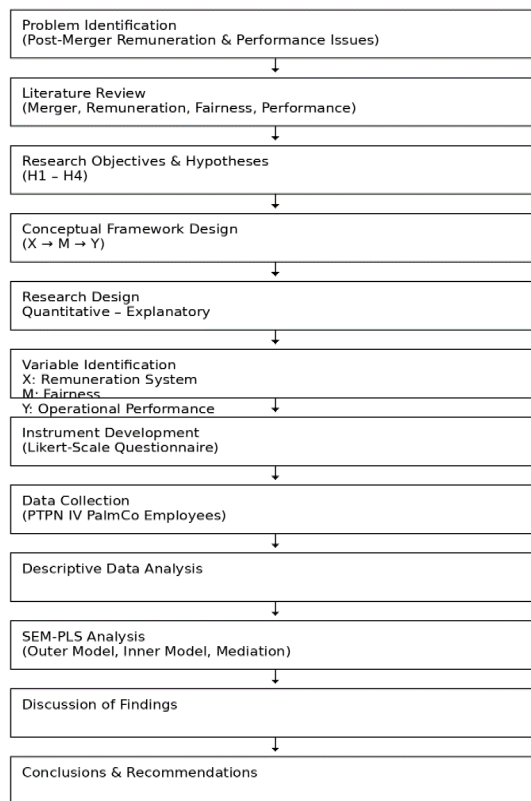


Figure 1. Research Stages Diagram

c. Research Hypothesis

- H1: The post-merger remuneration system has a positive and significant effect on employees' perception of remuneration fairness.
- H2: The post-merger remuneration system has a positive and significant effect on operational performance.
- H3: Perceptions of remuneration fairness have a positive and significant effect on operational performance.
- H4: The Post-Merger Remuneration System has a positive and significant effect on operational performance through employees' perceptions of remuneration fairness.

d. Data Analysis Techniques

The data obtained from the questionnaire distribution to respondents was then analyzed using a quantitative approach with the help of SmartPLS software. The analysis process was carried out in two main stages, namely:

1. Descriptive Analysis

This analysis aims to provide an overview of the characteristics of respondents and the distribution of responses to each statement item representing the research variables. The results of this descriptive analysis were presented in the form of mean values, frequencies, and percentages, which were then classified into assessment categories such as very low, low, moderate, high, and very high. This approach was used to determine the respondents' perceptions of the post-merger remuneration system, remuneration fairness, and operational performance.

2. Partial Least Square Structural Equation Modeling (SEM-PLS) Analysis

The SEM-PLS method was used to test the relationship between latent variables in the research model and to determine whether the Remuneration Fairness variable acted as a mediator in the influence of the Post-Merger Remuneration System on Operational Performance. SEM-PLS was chosen because it is capable of testing complex models with a relatively large number of indicators and is suitable for data with a distribution that is not completely normal. The testing was conducted in two stages: evaluation of the measurement model (outer model) to assess the validity and reliability of the construct, and evaluation of the structural model (inner model) to test the direct and indirect effects between variables. This approach allows researchers to not only see the causal relationship between variables, but also understand the mechanism of the mediating role of remuneration fairness in influencing operational performance. Thus, the analysis technique used provides a strong statistical basis for answering the research objectives and testing the formulated hypotheses.

4. Results and Discussions

4.1 Framework

This study develops a conceptual model to analyze the effect of post-merger remuneration systems on operational performance through the mediating role of remuneration fairness. This model is based on theoretical studies and previous research findings which show that fair and transparent remuneration systems can improve employees' perception of fairness, which in turn has a positive impact on the company's operational performance. There are three main variables used in this study, namely:

- a. Post-Merger Remuneration System (X): Describes how the compensation structure and policies change and are implemented after the merger process.
- b. Remuneration Fairness (M): Represents employees' perceptions of fairness in remuneration distribution, including distributive, procedural, and interactional fairness.
- c. Operational Performance (Y): Measures the post-merger organizational performance in terms of efficiency, effectiveness, productivity, and service to stakeholders.

In this conceptual model, there are direct effects and indirect effects between variables. Direct effects refer to the influence of one variable on another without an intermediary, while indirect effects occur through a mediating variable. Based on this model, the research hypotheses are formulated as follows:

- a. H1: The Post-Merger Remuneration System has a significant effect on Remuneration Fairness.
- b. H2: The Post-Merger Remuneration System has a significant effect on Operational Performance.
- c. H3: Remuneration Fairness has a significant effect on Operational Performance.
- d. H4: The Post-Merger Remuneration System has a significant effect on Operational Performance through Remuneration Fairness as a mediating variable.

This conceptual model is presented in Figure 1, which shows the relationship between independent variables, mediating variables, and dependent variables in the context of the post-merger PTPN IV PalmCo.\

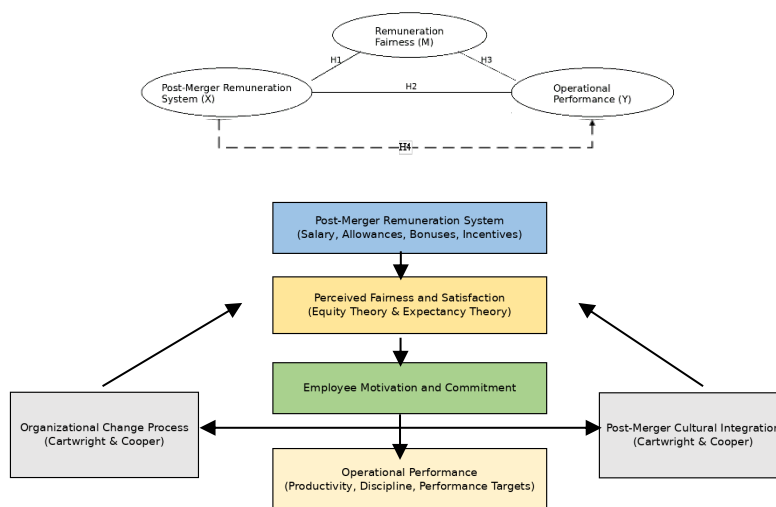


Figure 2. Conceptual Model of Variables

Figure 2 illustrates a conceptual model of the study showing the relationship between independent, mediating, and dependent variables. In this model, the Post-Merger Remuneration System (X) is assumed to have a direct effect on two other variables, namely Remuneration Fairness (M) and Operational Performance (Y). The Remuneration Fairness (M) variable is also assumed to have a direct effect on Operational Performance (Y). Thus, there are two paths of influence from the Post-Merger Remuneration System (X) to Operational Performance (Y), namely:

- a. Direct influence: A direct path from variable X to variable Y, which describes the influence of the remuneration system on operational performance without going through an intermediary.
- b. Indirect effect: The path through the mediating variable of Remuneration Fairness (M), namely from $X \rightarrow M \rightarrow Y$. This path tests whether fairness in remuneration strengthens or weakens the effect of the remuneration system on operational performance.

This model was constructed to test whether fairness in the remuneration system is an important mechanism that bridges the influence between compensation policy and organisational performance after a merger. If the indirect effect through remuneration fairness is significant, this confirms that the perception of fairness plays a crucial role in determining the effectiveness of the remuneration system on the work performance of employees and operational units. This conceptual model forms the basis for empirical testing through the SEM-PLS approach.

4.2 Validation of Results

The validation of the results in this study was conducted not only through statistical approaches such as validity and reliability tests of the SEM-PLS model, but also through a conceptual approach, namely comparing the suitability of the results of this study with the findings of previous studies. The aim was to ensure that the model constructed had a strong theoretical basis and high empirical relevance in the context of post-merger companies.

First, the finding that the post-merger remuneration system has a significant effect on remuneration fairness and impacts operational performance is reinforced by the results of research by Tatiek Nurhayati and Ahmad Darwansyah (2013). They state that a well-designed organisational structure and remuneration system can improve employee performance. This is in line with the context of PTPN IV PalmCo, where a more equitable and integrated post-merger remuneration system provides a stronger perception of fairness, and ultimately improves the performance of operational units. Furthermore, this study is also consistent with the results presented by Al Hakim, Suparlan et al. (2016), which emphasise the importance of remuneration policy as an instrument in encouraging performance improvement, particularly in the public sector organisational environment. Remuneration policies that are strategically formulated and responsive to organisational conditions have been proven to build employee trust, thereby improving performance. In this study, the indirect influence of the remuneration system on performance through fairness emphasises that the perception of fairness is a key factor in the effectiveness of such policies.

Research by Nurul Wahidah and Kartika Sharaswati (2024) found that remuneration affects employee performance, both directly and through a better working atmosphere. The results of this study support these findings with a more in-depth approach, namely through testing the mediating role of remuneration fairness, which in practice represents perceptions of a fair and transparent work environment. This study is also closely relevant to the post-merger human resource harmonisation strategy as described in the book 'Membangun Insan Pelindo' (Building Pelindo People) by the Pelindo management team. The book describes how remuneration system harmonisation is an important part of successful organisational integration. This study quantitatively proves that the principle applied at Pelindo, namely aligning the post-merger remuneration system with the principle of fairness, contributes positively to organisational performance. From an empirical data perspective, the results of the descriptive analysis reinforce the results of the structural model. The post-merger remuneration system variable obtained an average score of 3.77 (high category), indicating that the remuneration policy has been running quite well according to respondents. The remuneration fairness variable has an average score of 3.87, indicating a strong perception of fairness among employees. Similarly, operational performance has an average score of 3.87, reflecting improved work effectiveness and service post-merger.

This study considers data on the operational performance of palm oil commodities within PTPN IV following the merger. This data provides a factual overview of the company's actual performance based on production and productivity achieved in each region. In general, production achievements in 2024 in several regions have declined compared to the realisation in 2023, and have not fully achieved the 2024 RKAP target. For example, in Region I, FFB production in 2024 was recorded at 2,045,074 tonnes, down from the previous year's achievement of 2,364,316 tonnes. Declines also occurred in Regions II and III, where total production did not meet the targets set in the company's work plan. A similar pattern was also seen in terms of productivity per hectare. FFB productivity in Region I, which reached 27.42 kg/ha in 2023, fell to 23.35 kg/ha in 2024. Regions II and III also showed a relatively consistent downward trend against the planned targets. This decline in performance indicates that although the remuneration system and perception of fairness were rated highly by respondents, real operational challenges in the field still need to be addressed. This could be due to technical factors, climate, human resource distribution, or resource constraints in each region. Therefore, a fair and structured remuneration system still needs to be integrated with strengthened technical management and operational strategies so that the expected results are not only reflected in perceptions but also in measurable and sustainable performance achievements.

The consistency between quantitative data (descriptive and SEM-PLS results) and the results of previous studies shows that the model in this study has been statistically and theoretically validated. Therefore, it can be concluded that this research model has scientific and practical contributions in understanding the mechanism of how a post-merger remuneration system can shape internal fairness and support improvements in organisational operational performance.

5. Conclusions

Based on the results of data analysis using the SEM-PLS approach and the discussion in the previous chapters, the following conclusions can be drawn : The Post-Merger Remuneration System has a significant effect on Remuneration Fairness. This influence is reflected in a coefficient of 0.953 with a p-value < 0.05, which indicates that the better the remuneration system implemented after the merger, the higher the perception of fairness felt by employees. This is reinforced by descriptive analysis showing an average perception score of 3.87 (high category).

The Post-Merger Remuneration System also has a significant effect on Operational Performance. With a coefficient of 0.472, the remuneration system has been proven to contribute to improving company performance in terms of efficiency, effectiveness, and target achievement. Employees who feel that the compensation system is managed fairly will be more motivated to work.

Remuneration Fairness has a positive and significant effect on Operational Performance. This effect is recorded with a coefficient of 0.440, indicating that the perception of fairness is an important factor in shaping organisational work performance. Employees who feel they are treated fairly tend to show higher productivity and loyalty.

There is a significant indirect influence of the Remuneration System on Operational Performance through Remuneration Fairness. This mediation pathway shows a coefficient of 0.419, indicating that fairness is an important link in strengthening the impact of the remuneration system on performance. This means that the effectiveness of the remuneration system is not only determined by the nominal value, but also by the perception of fairness built within the organisation.

The managerial implications of this study indicate that a fair remuneration system can promote organisational efficiency, support strategic decision-making, strengthen human resource management, increase stakeholder satisfaction, and support long-term sustainability.

References

- [1] Adams, J. S. (1963). Toward an understanding of inequity. *Journal of Abnormal and Social Psychology*, 67(5), 422–436. <https://doi.org/10.1037/h0040968>.
- [2] Alhakim, S., Habibi, M.M., Sudirman. (2016). Implementasi Kebijakan Remunerasi dalam Meningkatkan Kinerja PNS di Fakultas Ilmu Sosial Universitas Negeri Malang.
- [3] Cartwright, S., & Cooper, C. L. (1992). *Mergers and acquisitions: The human factor*. Oxford: Butterworth-Heinemann.
- [4] Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Boston, MA: Harvard Business School Press.
- [5] Milkovich, G. T., & Newman, J. M. (2008). *Compensation* (9th ed.). New York: McGraw-Hill/Irwin.
- [6] Megawe, D.S., Mandey, S., Trang, I. (2020). Dampak Penerapan Remunerasi, Manajemen Perubahan Dan Budaya Organisasi. *Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi*. <https://doi.org/10.35794/jmbi.v7i1.30251>.
- [7] Nurhayati, T., Darwansyah, A. (2013). Peran Struktur Organisasi dan Sistem Remunerasi Dalam Meningkatkan Kinerja. *Ekobis*.
- [8] Sugiyono, P. D. (2017). *Metode Penelitian Bisnis : Pendekatan Kuantitatif, Kualitatif, Kombinasi dan R&D*. Penerbit CV Alfabeta; Bandung, 225 (87), 48 - 61
- [9] Teja, S.G.B.H. (2017). Pengaruh Remunerasi dan Motivasi Kerja Terhadap Kinerja Karyawan (Studi Kasus Pada Kantor Pengawasan dan Pelayanan Bea dan Cukai Surakarta Terhadap Kinerja Pegawai).
- [10] Vroom, V. H. (1964). *Work and motivation*. New York: Wiley.
- [11] Wahidah, N. (2024). Pengaruh Remunerasi dan Lingkungan Kerja Terhadap Kinerja Karyawan. *El-Arbah: Jurnal Ekonomi, Bisnis, dan Perbankan Syari'ah*. <https://doi.org/10.34005/elarbah.v8i2>.
- [12] Zikria, I., Ardan, M. M., & Ripando, R. N. (2023). Sistem remunerasi berbasis kinerja menggunakan metode Full Time Equivalent dan Simple Additive Weighting. In *Proceedings of Seminar Nasional TEKNOKA* (Vol. 8, pp. 123–131). Universitas Muhammadiyah Prof. Dr. Hamka.