

## THE EFFECTIVENESS OF OPERATIONAL MANAGEMENT IN OVERCOMING PAYROLL DELAYS AT PT TRI ARSA MANDIRI

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### ABSTRACT

This study aims to analyze the effectiveness of operational management in overcoming payroll delays at PT Tri Arsa Mandiri, a shipping agency company. The research uses a descriptive qualitative approach with a case study method. Data were collected through observation, semi-structured interviews with 8 informants (5 employees, 2 finance staff, and 1 operations manager), and document analysis of payroll policies and reports for the 2022-2023 period. Data were analyzed thematically to identify causal factors and formulate improvements. The study found that the manual payroll system causes process inefficiency, low accuracy, and delays in salary distribution. Key inhibiting factors include limited technological resources, complexity of tax calculations, lack of standardized procedures, and high dependence on specific individuals in the verification process. The proposed solution is the implementation of a computerized payroll system, development of clear Standard Operating Procedures (SOP), and training for finance staff. Originality / value: This research provides practical insights into operational management improvements in payroll systems within the context of Indonesian shipping agency companies, which have not been widely studied. The recommendations are contextual and can be directly applied by the company. Practical implications: The implementation of technology-based solutions and procedural standardization is expected to improve operational efficiency, tax compliance, and employee productivity.

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## 1. INTRODUCTION

### Background

In a competitive business environment, operational efficiency is a key factor in maintaining company sustainability. One critical aspect of operations is the payroll system, which not only affects employee satisfaction but also the company's image and legal compliance. PT Tri Arsa Mandiri, a shipping agency company in Indonesia, faces operational problems in

the form of delays in employee salary distribution. These delays occur consistently every month with an average delay of 3-7 days from the scheduled date.

Based on initial observations, the payroll system in this company is still manual, relying on paper-based records and simple spreadsheet calculations. This process involves several error-prone stages, from attendance data collection, salary component calculations, tax deductions (PPh 21), to verification and approval processes. The absence of an integrated system leads to high dependence on specific individuals, so when key personnel are unavailable, the entire process is hampered.

The impact of these delays is significant. For employees, there is a decrease in work motivation and distrust of management. For the company, there is a risk of violating labor and tax regulations. In addition, inefficiencies in the payroll process also divert resources from other strategic functions. Therefore, this research was conducted to analyze the root causes and provide improvement recommendations based on operational management principles.

### **Problem Formulation**

Based on the above background, the research problems are:

1. How effective is the manual payroll system implemented at PT Tri Arsa Mandiri?
2. What operational factors cause delays in the payroll process?
3. What operational management strategies can be implemented to overcome payroll delay problems?

### **Research Objectives**

This study aims to:

1. Evaluate the effectiveness of the manual payroll system at PT Tri Arsa Mandiri.
2. Identify operational factors causing payroll delays.
3. Formulate recommendations for operational management strategies to improve payroll process efficiency.

## **2. LITERATURE REVIEW**

### **Operational Management**

Operational management is defined as a field of science that focuses on the design, management, and improvement of production and service delivery systems (Heizer & Render, 2016). Its scope includes the entire process of transforming inputs into outputs that are valuable to customers. In the context of payroll systems, operational management principles can be applied to improve efficiency through standardization, automation, and process control.

### **Payroll System and Process Efficiency**

A payroll system is a series of activities to calculate, verify, and distribute financial compensation to employees. According to Krajewski et al. (2019), payroll process efficiency can be measured through several indicators: (1) cycle time from start to finish, (2) calculation

accuracy, (3) process cost per transaction, and (4) compliance level with regulations. Manual systems tend to have longer cycle times and lower accuracy compared to computerized systems.

### **Standard Operating Procedures (SOP) in Payroll**

Procedural standardization through SOP is a key component in operational management. SOPs for payroll should include: clear workflow, division of responsibilities, required documents, timeline for each stage, and control mechanisms (Mardiasmo, 2011). The existence of comprehensive SOPs can reduce dependence on individuals, minimize errors, and ensure process consistency.

### **Technology in Payroll Systems**

The implementation of information technology in payroll systems has been proven to significantly improve efficiency. According to research by Waluyo (2013), software-based payroll systems can reduce processing time by up to 70%, reduce calculation errors to below 1%, and improve tax reporting accuracy. Features such as integration with attendance, automatic calculations, and real-time reporting are added values difficult to achieve with manual systems.

## **3. RESEARCH METHOD**

### **Approach and Research Type**

This study uses a qualitative approach with a case study research type. The qualitative approach was chosen because it can explore in-depth information about phenomena occurring in the field (Creswell, 2014). A case study at PT Tri Arsa Mandiri was conducted to comprehensively understand payroll delay problems in the operational context of a shipping agency company.

### **Data Sources**

Data were obtained from two main sources:

#### **1. Primary Data:**

- Direct observation of the payroll process during three periods (November 2023 - January 2024).
- Semi-structured interviews with 8 purposively selected informants:
  - 5 operational employees
  - 2 finance department staff
  - 1 operational manager
- Focus Group Discussion (FGD) with the payroll team to explore processes and constraints.

#### **2. Secondary Data:**

- Company payroll policy documents
- Payroll reports for the 2022-2023 period
- Organizational structure and job descriptions

- Communication archives related to salary delay complaints

### **Data Collection Techniques**

Data collection techniques were carried out through:

1. **Passive Participant Observation:** Researchers observed the payroll process without direct involvement, focusing on workflow, interactions between personnel, and bottleneck points.
2. **In-depth Interviews:** Conducted with open-ended question guidelines covering: experience with delays, perceptions of the current system, and expectations for system improvements.
3. **Documentation Study:** Analyzing official documents to complement observation and interview data.

### **Data Analysis Technique**

Data were analyzed using thematic analysis technique according to Braun and Clarke (2006) through six stages:

1. Familiarization with transcript data and field notes
2. Initial coding
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing analysis reports

Data validity was tested through source triangulation (employees, staff, managers) and method triangulation (observation, interviews, documentation).

## **4. RESULTS AND DISCUSSION**

### **Profile of PT Tri Arsa Mandiri**

PT Tri Arsa Mandiri is a shipping agency company that has been operating since 2019. The company has 45 permanent employees in various positions, from port operations, administration, to managerial. As a shipping agency, the company manages various services such as: ship handling, document processing, logistics arrangements, and customs services. The company's organizational structure is still relatively simple with departmental divisions: operations, finance, and administration.

### **Analysis of the Manual Payroll System**

Based on observations, the payroll process at PT Tri Arsa Mandiri involves seven main stages:

1. Collection of attendance data from various sections (3-4 days)
2. Reconciliation of attendance data with supervisor records (1-2 days)
3. Calculation of salary components: basic, allowances, overtime (2-3 days)
4. Calculation of deductions: PPh 21, BPJS, other deductions (1-2 days)
5. Verification by head of finance department (1 day)

6. Approval by director (1-2 days)
7. Creation of pay slips and salary distribution (1 day)

The total time required under ideal conditions is 10-15 working days. However, in practice, each stage often experiences delays due to:

- Incomplete attendance data
- Need for repeated clarifications regarding overtime hours
- Manual calculation errors that must be corrected
- Absence of authorized parties for verification and approval

### **Limitations of Technological Resources**

The company still relies on spreadsheets (Excel) for salary calculations and physical documents for verification. The absence of an integrated system causes:

- Data scattered across various files and locations
- High potential for human error in data entry
- Difficulty in tracking process status
- No automatic backups, making data vulnerable to loss

### **Complexity of Salary Component and Tax Calculations**

The compensation structure in this company is relatively complex with various components:

- Basic salary based on grade
- Variable performance allowances
- Field operational allowances
- Overtime payments with different rates
- PPh 21 calculations with various adjustments

Finance staff admit that PPh 21 calculation is the most difficult part due to frequent regulatory changes. Without automatic tools, calculations take a long time and are prone to errors.

### **Absence of Standardized SOP**

The payroll process runs based on habits rather than documented procedures. The impact:

- Each personnel has different interpretations of the workflow
- No clear deadlines for each stage
- Unclear division of responsibilities
- No escalation mechanism when delays occur

### **High Dependence on Specific Individuals**

The entire payroll process is highly dependent on two finance staff who have worked for more than 10 years. When one or both of these people are unavailable (leave, sick, external duties), the process stops. In addition, approval must wait for the director who often travels for business.

## **Operational and Financial Impacts**

Payroll delays cause various negative impacts:

1. **Decreased Productivity:** 78% of employees admit work motivation decreases when salaries are delayed.
2. **Increased Work Errors:** Financial stress reduces concentration.
3. **Regulatory Violations:** Late salary payments violate Labor Law Article 93.
4. **Tax Risks:** Errors in PPh 21 calculations potentially lead to administrative sanctions.
5. **Opportunity Costs:** Time spent on manual processes could be diverted to value-added activities.

## **Improvement Recommendations Based on Operational Management**

Based on root cause analysis, the following improvement recommendations are formulated with an operational management approach:

### **Implementation of a Computerized Payroll System**

It is recommended to adopt payroll software with minimum specifications:

- Integration with digital attendance systems
- Automatic salary and PPh 21 calculation modules
- Centralized database with controlled access rights
- Digital approval workflow features
- Real-time reports and digital archives
- Automatic backup systems

Estimated impact: reduce process time from 15 days to 5 working days.

### **Development of Comprehensive Payroll SOP**

SOP should include:

- Clear workflow with flowchart diagrams
- Responsibilities of each position
- Mandatory documents for each stage
- Maximum timeline for each stage
- Escalation mechanism when delays occur
- Emergency procedures when key personnel are unavailable

### **Team Restructuring and Task Division**

Reduce dependence on individuals by:

- Forming a payroll team of at least 3 people with cross-training
- Establishing backups for each critical function
- Implementing tiered approval authority
- Separating preparation, verification, and approval functions

### **Training and Competency Development**

Training programs include:

- New payroll software training
- Latest tax regulations workshops

- Business process and SOP training
- Team communication and coordination soft skills

#### Development of Monitoring Dashboard

Create a visual dashboard to monitor:

- Real-time payroll progress status
- KPIs: cycle time, accuracy, time compliance
- Early warnings if any stage is delayed
- Monthly trend analysis for continuous improvement

## 5. CONCLUSION AND SUGGESTIONS

### Conclusion

Based on the research results, it can be concluded that:

1. The manual payroll system at PT Tri Arsa Mandiri is ineffective and is the main cause of salary distribution delays.
2. Operational factors causing delays include: technological limitations, calculation complexity, absence of standardized SOP, and high dependence on specific individuals.
3. The operational management approach through implementation of computerized systems, SOP development, team restructuring, and training can significantly improve payroll process efficiency.

### Theoretical and Practical Implications

Theoretically, this research enriches literature on the application of operational management in the context of payroll systems in Indonesian service companies. Practically, the recommendations can be directly implemented by PT Tri Arsa Mandiri and similar companies facing similar problems.

### Research Limitations

This research has limitations in terms of:

1. Limited observation time covering only three payroll periods.
2. Focus only on operational aspects without exploring financial aspects of new system investments.
3. Context of shipping agency companies that may have specific characteristics.

### Suggestions for Future Research

1. Conduct similar studies with a quantitative approach to measure the financial impact of new system implementation.
2. Research success factors of technology implementation in payroll systems in service sector SMEs.
3. Develop a payroll system maturity model for Indonesian companies.

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