

Business Development Through Strategic Compensation Design in a Circular Fashion Startup: The Case of Ofelia

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Abstrak

Ofelia merupakan brand yang menawarkan produk aksesoris terbuat dari limbah pakaian. Bisnis ini berupaya untuk menciptakan tren baru bagi perempuan untuk peduli terhadap isu lingkungan khususnya pakaian. Ofelia berusaha untuk memenuhi kompensasi karyawan dengan layak dan adil sebagai salah satu komitmennya menuju bisnis berkelanjutan dalam bentuk pemenuhan hak karyawan yang sebagian besar adalah freelancer melalui kompensasi finansial berbasis output dan kompensasi non-finansial. Studi ini bertujuan untuk melihat efektifitas implementasi kompensasi yang telah diterapkan Ofelia dalam meningkatkan motivasi dan kinerja karyawan freelance. Metode penelitian yang digunakan adalah kualitatif deskriptif melalui observasi, wawancara, dan studi dokumentasi. Secara keseluruhan sistem kompensasi finansial berbasis output yang diterapkan Ofelia belum memperlihatkan hasil yang efektif pada kinerja karyawan. Namun tidak dapat dipungkiri sistem kompensasi finansial berbasis output mempermudah perusahaan yang baru memulai untuk mengontrol kompensasi disesuaikan dengan hasil kerja karyawan. Kompensasi non-finansial yang diterapkan pada Ofelia menunjukkan perkembangan yang positif pada setiap karyawan dan menunjang karyawan dalam penyelesaian tugas. Tetapi korelasinya dengan motivasi kerja belum dapat dibuktikan secara nyata. Namun kondisi yang memperlihatkan pertumbuhan semangat kerja karyawan memberikan peluang yang positif agar perusahaan dapat terus berusaha meningkatkan motivasi kerja karyawan.

Kata Kunci: *kompensasi finansial berbasis output, kompensasi non-finansial, kinerja karyawan, motivasi kerja, freelancer*

Abstract

Ofelia is a brand that offers accessories made from clothing waste. This business seeks to create a new trend for women to care about environmental issues, especially clothing. Ofelia strives to provide fair and equitable compensation to its employees as part of its commitment to sustainable business. This includes fulfilling the rights of its employees, most of whom are freelancers, through output-based financial compensation and non-financial compensation. This study aims to examine the effectiveness of Ofelia's compensation implementation in improving the motivation and performance of freelance employees. The research method used was descriptive qualitative through observation, interviews, and documentation studies. Overall, Ofelia's output-based financial compensation system has not shown effective results on employee performance. However, it cannot be denied that an output-based financial compensation system makes it easier for start-up companies to control compensation based on employee performance. The non-financial compensation applied to Ofelia demonstrates positive development for each employee and supports them in completing their tasks. However, its correlation with work motivation has not been definitively proven. However, conditions that demonstrate increased employee morale provide a positive opportunity for the company to continue striving to improve employee motivation.

Keywords: output-based financial compensation, non-financial compensation, performance, motivation, freelancer

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INTRODUCTION

Technological developments have significantly impacted the fashion industry, as evidenced by the emergence of many new fashion trends, one of which is fast fashion. Fast fashion refers to the short-term use of clothing and the rapid production of clothing. The environmental impact of the clothing sector can be significantly reduced by implementing policies such as eliminating waste at source through effective production procedures and promoting circularity by recovering and recycling materials through the application of advanced fabric recycling technologies (Al Aghbari et al., 2025). By utilizing waste, it is hoped that individuals can further reduce the environmental impact that will arise afterward. Reducing raw material use, zero-waste goals throughout the production process, capitalizing on waste generated at the end of a textile's life, and implementing zero-waste goals are all important (Ofori et al., 2025).

In an effort to realize a sustainable business, another important consideration besides a clear system is the commitment of human resources within the company itself. In this regard, human resources within the company need to be properly managed, cared for, and their hard work recognized. One thing a company can do is provide fair and appropriate compensation to its employees. Compensation is the total reward given to employees as a form of remuneration for the work they have done (Mondy & Noe, 1996). Compensation is given as a form of appreciation for work performed for the benefit of the organization or company (Difa & Furyanah, 2022). Compensation aims to ensure fairness among employees, recognize employee achievement and hard work, retain employees, attract high-quality employees, and the compensation system must be able to motivate employees.

Employee compensation includes financial and non-financial compensation provided as a form of recognition for employee performance (Garofalo et al., 2025). One of the fundamental and inherent elements of compensation is transparency and fairness. A fair compensation structure can also increase motivation and efficiency, while performance-related bonuses can improve company performance (M. Liu et al., 2025). In some newly developing companies, providing salaries and bonuses is expected not only as a transaction for remuneration but more as a way for the company to encourage work enthusiasm to produce optimal performance. Although it cannot be denied that employee performance cannot be directly influenced by financial compensation alone, it is also supported by how the work environment supports them to be productive and produce the best work results.

Because all of Ofelia's employees work as freelancers, this impacts the compensation system implemented, which is output-based. This system is expected to boost employee performance because the salary amount is adjusted based on employee output. Performance is defined as an activity or behavior that contributes to a goal but is carried out under personal control (Celik Turk Doruker et al., 2025). According to Mathis and Jackson, employee performance indicators include work quality, work quantity, work time, and collaboration with coworkers (Sudaryo et al., 2018). However, at Ofelia itself, there has been no in-depth study on the implementation and benefits of an output-based compensation system in boosting employee performance. This study is necessary to determine the extent of the positive impact experienced by employees and what needs to be improved within this system.

Initially, results-based or output-based wages were typically applied to manual work. However, technological advancements have given rise to a variety of flexible, project-based jobs. This payroll system is very simple, with wages determined by the amount of wages per product and the number of products produced. The challenge with this payroll scheme is the need for strict monitoring to ensure that wages are commensurate with work results or increases in production (Busro, 2018). Therefore, it is crucial for companies to establish clear standards for assessing employee performance to achieve fairness and transparency in compensation.

When leaders align company expectations with employee understanding, all parties will be more confident in the expectations of the work being performed (Zheng et al., 2025). Conversely, if leaders fail to consistently convey messages regarding the role expectations of each employee, this can lead to confusion in positioning and ambiguity in the work (Zheng et al., 2025). When both parties fulfill their responsibilities – the employee's performance and the company's compensation – this will result in a positive relationship for the company. It's important to understand that compensation isn't a burden, but rather a positive relationship that benefits both parties.

Compensation is a key motivational tool that shapes employee behavior and organizational performance (Zhao et al., 2025). In large companies, the highest satisfaction lies in work-life balance and personal career growth, while in small businesses, compensation and welfare are the most important aspects to achieve job satisfaction (Kang & Yim, 2024). In some newly developing companies, providing salaries and bonuses is expected not only as a reward but also as a way for the company to encourage work enthusiasm and produce optimal performance. While it cannot be denied that employee performance cannot be directly influenced by financial compensation alone, it is also supported by how the work environment supports them to be productive and produce the best work results.

On the other hand, Ofelia, which is still a small-scale business, actually views non-financial compensation as an important aspect. However, due to existing limitations, Ofelia applies non-financial compensation to aspects that are less related to finances. Unlike financial compensation, which aims to reward past work, non-financial compensation is implemented to build long-term relationships using a psychological approach to employees. Emotional involvement between employees and superiors must be maintained so that both can accept every decision made with the aim of benefiting the company (Lochner et al., 2025).

Providing the right motivation will make employees think they can contribute maximally to organizational goals and achieve many achievements for business progress, which means the individual can also achieve their personal desires. According to Kraimer et al., when employees see sufficient opportunities for career advancement, this will increase their motivation to achieve and contribute to organizational goals (Kim et al., 2025). Motivational factors touch people emotionally to create feelings of joy, satisfaction, and love for the work being done.

Amidst the many conveniences and options for communication, considering the emotional aspect by being present and communicating face-to-face remains one option for maintaining good relationships between superiors and employees (Lochner et al., 2025). This will ensure employees are highly motivated, enthusiastic, and mentally strong even when facing challenges at work. This also supports Masa'deh et al.'s argument that leaders who act as coaches or mentors who encourage employee contributions in an engaging and motivating environment will impact overall individual performance (Nguyen et al., 2024).

Employees who are actively involved and have an emotional connection to their work will feel proud of their role as part of a company (Arifah et al., 2025). On the other hand, when employees also feel appreciated, they will be more independent and tend to generate and implement new ideas (Mahmood et al., 2025). Employee involvement in controlling their work will foster a sense of ownership and enthusiasm to strive to achieve company goals (Z.

Liu et al., 2026). This sense of ownership and enthusiasm can be one of the characteristics of employees who are motivated to provide optimal work results and support the achievement of company goals.

Companies need to consider an appropriate compensation system for their employees. This can be tailored to the work assigned, including the level of difficulty, working hours, and targets each employee must meet. Compensation can be either financial or non-financial. In addition to financial compensation such as salary, incentives, allowances, and bonuses, employees also need non-financial compensation such as work appreciation, a decent work environment, and healthy work communication. With a clear and appropriate compensation system, employees will be more motivated to work, which will impact their performance. Therefore, the compensation implemented by Ofelia needs to be studied more deeply to determine its effectiveness. Therefore, this study discusses the effectiveness of output-based financial compensation systems and financial compensation in improving employee performance and motivation in Ofelia's business.

METHODOLOGY

This study employed a descriptive qualitative method, considering that Ofelia is a new business with few employees. Therefore, this study focused on observing the object directly to obtain in-depth data and information. Data for this study were obtained through interviews, company data related to completion, and company archive documentation. Data collection will be successful if the researcher understands the social situation and conditions that occur in the object being studied (Purba et al., 25 C.E.). Data collection began with collecting and analyzing company data related to implementation, supported by data on employee performance and motivation levels. Interviews were then conducted with Ofelia employees. Interviews were conducted both online and offline, but this did not affect the communication process between the two parties. The questions asked were semi-structured to allow employees to be more open in answering and sharing information in the field. These interviews were conducted with three freelance employees.

The collected data was then analyzed to obtain results addressing the research questions. The steps taken to analyze the data are as follows:

1. Data Reduction
Data reducing is choosing the main things that are important and focus on the data being searched. Because the data found by researchers will be more and more complex if researchers take a long time to conduct research.
2. Data Display
Once the data obtained is reduced, the next step to do is to present the data to make it easier to understand the existing data. The data can be presented in a structured manner to form a neat relationship pattern. In qualitative research, data can be presented in the form of narratives, charts, table, or diagrams.
3. Conclusion and Verification
Conclusions can be drawn in advanced to estimate the results to be obtained. The initial conclusions will change when researchers discover new data that differs from the predicted possibilities. But the initial conclusions can also be reinforced by the evidence that researchers find in the future, and then the initial conclusions will produce credible conclusions

RESULT AND DISCUSSION

Implementation of Output-Based Financial Compensation

In the early days of her business, Ofelia focused on financial compensation in the form of a base salary. The base salary given to each employee varies, but is based on their performance. Agreeing on the salary figure is achieved through initial discussions between managers and employees. Topics covered include salary amounts, payroll timing, work systems, and company regulations. This is expected to be the first step in fostering a sense of responsibility and ownership within the company for employees.

Ofelia implements an output-based financial compensation system because it aligns with her employees' work system, which is freelance. This system makes it easier for Ofelia to calculate based on her employees' work output. While not all tasks can be measured numerically, such as sorting and washing clothes for raw materials and taking product photos and videos for marketing purposes, discussions at the start of employment are one way to minimize inequity in compensation. The following presents data on Ofelia's output-based financial compensation.

Table 1. Output-Based Financial Compensation Data

	Marketing		Sewing		Material Preparation	
	Qty	Total	Qty	Total	Qty	Total
September	0	Rp -	180	Rp 360,000	185	Rp 235,000
October	8	Rp 280,000	140	Rp 285,000	145	Rp 207,000
November	10	Rp 290,000	55	Rp 112,500	58	Rp 103,000
December	11	Rp 350,000	160	Rp 360,000	165	Rp 225,000
January	6	Rp 210,000	220	Rp 497,500	225	Rp 290,000
February	6	Rp 210,000	200	Rp 440,000	200	Rp 210,000
March	3	Rp 90,000	180	Rp 395,000	180	Rp 187,000

The table above shows the salary amount earned by each employee between September 2025 and March 2026. The salary amount given is adjusted to the work results whose price has been agreed upon in advance. For example, in the marketing department for feed or reel content is priced at IDR 30,000 and in November 2025 posted 3 content so that it gets a result of IDR 90,000. Another example in the sewing department the price to sew 1 Escha Lipstick Keychain product is IDR 2,500 and in December 2025 the total sewn is 40 pieces so that it gets a result of IDR 100,000. Then the material preparation department to cut the material for the Alcea Mini Pouch product costs IDR 5,000 because the number of sewn is 40 pieces and the price per piece is IDR 1,300.

The marketing department's payroll is paid monthly on the 9th of each month, aligned with the employee's start date. Meanwhile, the sewing and material preparation departments receive weekly pay when assigning or handing over work. Employees often request pay the following week, or may opt out of the agreed-upon schedule for various reasons. Paychecks are paid face-to-face, allowing managers to communicate directly with employees to address issues, solicit input, or simply build relationships.

Ofelia implements a flexible work system, both in terms of location, time, and method of completing each task, but of course, still within the agreed-upon results corridor. The marketing department can complete content and shoot photos and videos anywhere, although they also sometimes collaborate with managers on content creation. On the other hand, the sewing department also sews from home, but must come once a week to pick up the raw materials for sewing and deliver the finished products. The material preparation department also sorts and washes clothes from home and once a week delivers the raw materials that have been cut and ready to be sewn.

Implementation of Non-Financial Compensation

Ofelia's non-financial compensation includes three things, namely work, work environment, and flexibility of work place and time. The work in question is an opportunity for employees to try new things and solve new problems so that employees can develop. Regarding the work environment, examples include superiors who provide clear directions, employees who are valued, and building good relationships between employees. Meanwhile, flexibility of place and time is an opportunity for employees to be able to complete work from anywhere and have freedom of time even though there are still rules that apply. Ofelia's implementation of non-financial compensation is presented descriptively by explaining the activities that took place between September 2025 and March 2026.

Table 2. Non-Financial Compensation Data

Non-Financial Compensation Aspects	Application Form
Work	Opportunity to try new things and develop
	Opportunity to solve problem
Work Environment	Supervisors provide clear direction
	The company builds good communication and relationships
Flexibility of place	Workplace flexibility
	Worktime flexibility

On October 4, November 23, and December 7, 2025, the manager, marketing department, and material preparation department attended the Mahya Business Academy event as a form of implementing trying new things with the aim of learning to build an entrepreneurial spirit. Then, on October 18, 2025, the marketing department attended a Shopee class to optimize the use of this application. Environmental issues were also something new for the marketing department, so learning this was something new as well. On the other hand, although the sewing department was accustomed to sewing, sewing accessories or small items was something new and required several practices to produce good products. The manager also gave the opportunity to complete the sewing in their own way even though the pattern had been determined. The work of preparing raw materials was also something new for the material preparation department, especially sorting fabrics to suit the products to be made. The manager tried to continue to accompany and maintain communication so that the work ran smoothly.

It's not uncommon for each department to experience its own challenges with its work. The marketing department often struggles with managing its time to meet its targets, but maintaining communication with its managers is one way to address this issue and find solutions together. Furthermore, its limited knowledge of environmentally friendly issues also presents a challenge, making it difficult to reach its target consumers. The sewing department faces challenges with new products being created each month, resulting in several times exceeding the specified deadline. Meanwhile, the material preparation department faces challenges in determining the appropriate fabric for each product. Fabrics with diverse materials and patterns require this department to be more meticulous and creative. Based on the existing problems, each department is given the opportunity to solve their own problems, but if they encounter difficulties, they can communicate them to their managers to find the best solution.

Implementation of the work environment begins with managers providing clear direction to each department regarding the work to be done. This begins with meetings with

each department to discuss job details and compensation. Discussions are then held between both parties to reach an agreement, as one informant explained:

"...the work is clear...the price is also clear...I do my best..." (A3, April 29, 2026)

Although all employees work as freelancers, each department meets with their manager at least once a week to clarify future targets and discuss various matters. This is also done to maintain communication, not only online but also in person, to foster a positive emotional connection.

Ofelia offers flexibility in location and time, as all employees work as freelancers. Each employee is free from a fixed workplace and can work from home or anywhere. While the company isn't responsible for providing space, Ofelia ensures every job is completed efficiently and provides various tools to support its completion. These include cutting tools for the material preparation department and premium applications for the marketing department.

Regarding time flexibility, each department also doesn't have fixed working hours. Working hours are delegated to each department based on their personal schedule. However, there are specific days for each department to meet directly with their manager. The marketing department holds offline meetings with their manager at least 2-5 times a month. There are also specific days for the sewing and material preparation departments to pick up materials or submit work results to the manager. Tuesdays are for material preparation and Wednesdays for sewing. However, these meetings have sometimes fallen behind schedule due to obstacles such as unfulfilled targets or other commitments from one party.

Employee Performance Results

Ofelia's employee performance is assessed based on the completion of assigned targets, the number of tasks requiring revision, and the completion time. Each of these factors has a percentage that reflects priority, resulting in a performance score. The percentage for task completion is 30%, quality is 45%, and punctuality is 25%. The following table presents employee performance for the months of September 2025 to March 2026.

Table 3. Employee Performance Data

MARKETING								
Month	Target	Completed	Reject	Late (days)	Completed Score	Quality Score	Time Score	Score
Sept	32	0	0	0	0	0	0	0
Oct	32	11	0	2	34.4	34.4	90	53
Nov	32	6	1	6	18.75	15.6	70	34.8
Dec	32	23	0	6	71.9	71.9	70	71.2
Jan	32	20	0	0	62.5	62.5	100	75
Feb	32	20	0	0	62.5	62.5	100	75
Mar	32	4	0	0	12.5	12.5	100	41.7
SEWING								
Month	Target	Completed	Reject	Late (days)	Completed Score	Quality Score	Time Score	Score
Sept	180	180	6	2	100	96.7	90	96.6
Oct	140	140	3	2	100	95.8	90	95.3
Nov	55	55	1	0	100	98.75	100	99.6
Dec	160	160	3	3	100	98.1	85	94.4
Jan	220	220	2	0	100	99.4	100	99.8
Feb	200	200	3	3	100	98.5	75	91.2

Mar	180	180	0	1	100	100	95	98
MATERIAL PREPARATION								
Month	Target	Completed	Reject	Late (days)	Completed Score	Quality Score	Time Score	Score
Sept	180	180	0	5	100	100	75	91.7
Oct	140	140	0	0	100	100	100	100
Nov	55	55	0	2	100	100	90	96.7
Dec	160	160	0	5	100	100	75	91.7
Jan	220	220	0	4	100	100	80	93.3
Feb	200	200	0	2	100	100	90	93.3
Mar	180	180	0	2	100	100	90	93.3

The table above presents Ofelia's performance data, looking at the scores for each aspect and the final score for each month. However, it's undeniable that the table doesn't fully reflect Ofelia's overall employee performance, as some tasks cannot be quantified or presented numerically. These tasks include taking photos or videos in the marketing department, and sorting and washing clothes for raw materials in the material preparation department. The marketing department's performance showed improvement each month, from a score of 53 in October 2025 to a score of 75 in January 2026.

The performance of the sewing department produces products that need improvement, such as in September 2025 there will be 6 products. Apart from that, regarding punctuality, the sewing department had several times not collected work results on time even though it was only 1 or 2 days late, but this needs to be corrected in the future. The highest score was obtained in January 2026 even though the target that had to be achieved was quite high, namely 220 pcs of products, so that in approximately 1 week the average tailor could sew 55 pcs. Based on the data above, the performance of the material preparation section, especially for target completion and quality, shows good results as evidenced by the target being completed 100% and without any cuts that need to be repaired. However, it is necessary to improve the speed of work, which is still experiencing delays of up to 5 days in September and December 2025.

Employee Work Motivation Results

Work motivation is one factor that contributes to employee enthusiasm, productivity, and optimal performance. The level of work motivation of Ofelia employees from September 2025 to March 2026 was determined by interviews with three informants who were also Ofelia employees in April 2026. Although the data cannot be presented numerically, the interviews with informants provided information on the level of employee work motivation, which is briefly described in the table below.

Table 4. Motivation Level Data

Description	Achievment	Affiliation	Power
Marketing	Striving to complete work well, even without a clear target reference	Maintaining positive communication with coworkers and manager	Taking the lead in addressing work obstacles and taking the initiative to provide input to manager
Sewing	Striving to complete	Maintaining relationships by	Tends to follow manager's directions

	responsibilities well until completion	believing that a good attitude will build good reciprocal relationships	
Material Preparation	Striving to complete work according to standards and on time	Maintaining active communication with manager	Occasionally providing input on work and work coordination

Based on the table above, the achievement aspect demonstrates that setting targets is one way to motivate employees. This can be seen from the factors that drive and how employees strive to achieve the assigned targets. The marketing department faces challenges in achieving targets due to the lack of clear and structured long-term goals. The sewing department maintains consistent motivation to meet targets. This is evident in the efforts made to complete them successfully, as a form of commitment to the responsibilities they have assumed. The challenge in achieving these targets is adapting to new product patterns each month. Meanwhile, the material preparation department also strives to complete its work according to company policies.

The affiliation aspect relates to the work environment, between employees and superiors, and between employees and superiors. It also relates to the appreciation and support employees receive. The marketing and material preparation departments maintain active and positive relationships with their coworkers and superiors. However, the sewing department tends to be more passive, focusing on their work and being kind to both coworkers and superiors. Employees believe that good deeds will lead to positive reciprocal relationships.

The power aspect relates to employees being involved in decision-making and given control over their work. In this aspect, the sewing department tends to follow the direction of their superiors and doesn't take much initiative. However, when asked for advice or input, employees often provide opinions that can be considered to improve the quality of Ofelia's products. The marketing department has several times been able to take on the role of resolving problems in their work, such as determining appropriate content concepts and photo and video concepts. Employees also have a high level of initiative in providing input to their superiors, not only regarding their own work but also about Ofelia's problems in general. The material preparation department also occasionally takes the initiative to provide input to Ofelia in general.

Discussion

Each employee has their own perspective on what they want to receive in return for their hard work. Most employees don't prioritize salary, but rather the opportunity to learn and develop. One informant expressed this:

"Salary isn't a priority. I prefer to develop and gain new experiences with the owner, who is just starting out, and I'm also in the process of developing and trying new things." (K1, April 11, 2026)

Therefore, it's important to provide employees with a deeper understanding so that their expectations align with the company's goals. This begins with clarity about the tasks employees must perform and can then lead to a discussion of compensation, as it's undeniable that base salary remains an employee right that the company must adequately fulfill, which is expected to impact the quality of employee performance.

Table 5. Comparative Data on Financial Compensation and Employee Performance

Description	Marketing		Sewing		Material Preparation	
	Salary	Perf. Score	Salary	Perf. Score	Salary	Perf. Score
September	Rp -	0	Rp 360,000	96.6	Rp 235,000	91.7
October	Rp 280,000	53	Rp 285,000	95.3	Rp 207,000	100
November	Rp 290,000	34.8	Rp 112,500	99.6	Rp 103,000	96.7
December	Rp 350,000	71.2	Rp 360,000	94.4	Rp 225,000	91.7
January	Rp 210,000	75	Rp 497,500	99.8	Rp 290,000	93.3
February	Rp 210,000	75	Rp 440,000	91.2	Rp 210,000	93.3
March	Rp 90,000	41.7	Rp 395,000	98	Rp 187,000	93.3

The table above compares output-based financial compensation data with Ofelia's employee performance results from September 2025 to March 2026. Overall, the data does not show that compensation significantly impacts employee performance. In the Marketing department, compensation increases were accompanied by an increase in performance scores from October to December 2025, but in January 2026, when compensation decreased, performance scores rose by 3.8 points. This contrasts with the sewing department, which, despite unstable compensation, consistently maintained good performance scores. Similarly, the material preparation department showed no correlation between salary and performance scores.

In her first year of business, Ofelia attempted to implement a plan to fulfill employee rights through salaries, which she hoped would positively impact employee performance. However, based on the data above, Ofelia recognized three primary factors influencing this outcome: employee work orientation, a work system that was still in the adjustment phase, and the lack of clear measurable performance for some tasks. This, in turn, impacted the negative comparison between financial compensation and employee performance.

Based on the explanation above, it can be seen how employees' expectations when working at Ofelia are largely oriented towards learning, rather than full-time work. Seeing the eco-friendly business as something new, employees hope to learn a lot in this business. Therefore, the focus is on working well to learn and understand new things that have never been known before, such as sewing accessories, which are small items, and the marketing department learning about consumers interested in eco-friendly issues. This ensures that the compensation provided does not have a significant impact on performance. Therefore, the company strives to be transparent and build good communication to ensure that employee rights are not neglected.

On the other hand, an output-based compensation system may seem simple because salaries are determined based on work results, but in reality, it's not as simple as imagined. Weekly targets fluctuate because they're determined by managers based on market conditions, thus not maximizing the achievable targets for each individual. Employee output also can't be clearly measured against quality standards, defects, or employee performance standards. Furthermore, the workflow isn't well-organized, resulting in overlapping and inefficient work.

Another challenge is that some tasks are not clearly measurable, which impacts fairness in employee compensation. One process that can clearly be measured in terms of quantity and price for each product is cutting raw materials and sewing. However, the Marketing department has many tasks that cannot be measured with numbers and involve various processes. These tasks include taking photos and videos for product documentation

and online sales. Furthermore, the Marketing department collaborates with external parties, such as participating in bazaars and collaborating with various communities.

Overall, Ofelia's output-based financial compensation system has not shown effective results on employee performance. During this phase, Ofelia also underwent numerous adjustments to ensure employee comfort, individual performance could be monitored, and the company could provide fair and appropriate compensation. Furthermore, the number of targets still controlled by managers prevented employees from maximizing their potential. However, an output-based financial compensation system makes it easier for start-up companies to manage compensation based on employee performance.

On the other hand, non-financial compensation applied to various aspects of the company does not have a direct and clear impact on employee work motivation. Indicators of non-financial compensation and work motivation have not been proven to be reciprocal, but rather a tendency for the results of each indicator to be interrelated. This leads to increased work motivation in employees, although this cannot be specifically measured. However, some conditions elicit positive reactions in employees, such as a desire to develop, initiative to contribute, and building good relationships with coworkers and superiors.

Unlike large corporations, young companies, have limited resources and are therefore required to juggle multiple tasks. Companies strive to provide opportunities not only for prospective employees who already have skills but also for those who are currently learning and are eager to learn. Employees will see how the company can help them into more capable employees so they can continue to develop. Several employees also expressed their desires and hopes:

"...I want to be able to develop with other people who are learning...practice while learning, and it's not yet under pressure from people" (K1, April 11, 2026).

When employees are given the opportunity to develop and solve work-related problems, they are more likely to confront obstacles. Furthermore, employees are more open to providing suggestions and input when involved in discussions and decision-making on common issues. Higher achievement is achieved through employee initiative to contribute to company activities and other matters that support the company's progress. One informant shared a similar opinion regarding their involvement in decision-making:

"It boosts morale because they feel involved in the business. So, when they're appreciated, it means they're all giving their all. But if they're not appreciated, it makes them feel lazy." (K1, April 11, 2026)

Openness in discussions and decision-making encourages employees to exert greater effort when they feel a connection between their contributions and valued outcomes.

Digital advancements also provide numerous options for flexible work, creating a more effective and efficient work environment. This opinion supports two informants who expressed their opinion about a more flexible work system:

"So it feels like I have more freedom. ... I can still do other things... So I'm not focused on one place all day..." (K1, 11/4/2026)

And another informant stated:

"... being able to work flexibly anywhere. I really enjoy it and feel more productive because I don't think my mind is under pressure." (K2, 11/04/2026)

Flexibility in work location and time supports employee productivity. This flexibility makes it easier for employees to organize their work time according to their personal interests. However, in some situations, there is still a bias between prioritizing work completion and personal interests. However, so far, employees have demonstrated their commitment by striving to complete work on time and on target.

The challenges faced in implementing flexible work are clarity of rules and tolerance regarding work systems and work results. Therefore, when a company can provide a clear system, employees will find it easier to organize their work and can increase their

productivity. Overall, the compensation applied to Ofelia shows positive development for each employee and supports them in completing their tasks. However, a correlation with work motivation has not been clearly proven. However, conditions that show growth in employee morale provide a positive opportunity for the company to continue improving employee motivation.

CONCLUSION

Ofelia's output-based financial compensation system has not shown effective results on employee performance. However, it cannot be denied that it makes it easier for new companies to control compensation according to employee performance. The lack of optimal financial compensation does not mean it is in vain, but achieving optimal employee performance requires a clearer, more precise, and measurable system. Therefore, clear Key Performance Indicators (KPIs) are needed so that the strategy implementation and evaluation process can be carried out measurably. Furthermore, Ofelia needs to consider the maximum capacity of each employee to maximize their utilization. This will improve employee productivity and company performance by increasing sales.

The non-financial compensation applied to Ofelia shows positive development for each employee and supports them in completing their tasks. However, its correlation with work motivation has not been proven concretely. However, conditions that show growth in employee morale provide a positive opportunity for the company to continue to strive to improve employee work motivation. Unlike financial compensation, the impact of which can be immediately felt in the form of increased performance, non-financial compensation in the form of awards, career development, and a good work environment requires more time for employees to be motivated and foster employee loyalty. Therefore, the company can implement strategies that are created periodically, but continue to be evaluated continuously to remain relevant to employee needs and expectations.

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