

The Effect of Providing Incentives and Work Motivation on the Performance of Non-Permanent Employees

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Abstract

The incentive system is aimed at increasing the motivation of company employees to give what their employees want to increase productivity and quality. This is done to assess the impact of encouragement and work motivation on the performance of non-permanent employees in an agency. The method in this study used quantitative research using primary data, the sample in this study consisted of 80 non-permanent employees. The results of this study indicate that the provision of incentives and work motivation has a positive and significant effect on employee performance variables. These results indicate that providing incentives and increasing work motivation need to lead to better performance. The benefits of this research can serve as a guide or reference for agencies to identify more effective incentives.

Keywords: Providing Incentives, Work Motivation, and Performance of Non-Permanent Employees

Abstract

The incentive system is aimed at increasing the motivation of company employees, giving employees what they want to increase productivity and quality. This is done to assess the impact of work encouragement and motivation with the performance of non-permanent employees in an agency. The method in this study uses quantitative research using primary data, the sample in this study consists of 80 non-permanent employees. The results of this study show that the provision of incentives and work motivation has a positive and significant influence on employee performance variables. These results show that providing incentives and increasing work motivation need to lead to better performance. The benefits of this research can serve as a guide or reference for agencies to identify more effective incentives.

Keywords: Providing Incentives, Work Motivation, and Non-Permanent Employee Performance

1. INTRODUCTION

Employee performance is basically the work done by employees during a certain period of time. These thoughts are compared with agreed goals or targets. Having work motivation can improve performance because this performance appraisal can be used to motivate, develop and reward employees who perform well for their achievements.

Incentives are a key factor that can affect employee performance. Incentives are motivational tools that are deliberately given to employees as a stimulus to gain profit. Incentives consist of material and non-material but it is not mandatory to apply because these incentives relate to aspects of the employee's personal life. Incentives are given to provide motivation that varies based on employee performance and also to increase productivity and quality of work by optimally supporting goals.

Incentives are defined as payment of wages or salaries that vary not on the basis of job evaluation but because of changes in work performance (Haryono and Warso, 2016). Meanwhile (Kastalani, 2015) explains incentives as a one-time wage increase given to an employee as a higher base salary, often based on that person's performance.

Employee performance is real behavior that is displayed by everyone as an achievement produced by employees according to their role in an organization (Gaol, 2014). While performance according to Abdullah (Abdullah, 2014) is the result of work carried out by employees according to the instructions (guidebook) given by the leadership, the competence and ability of employees to develop their reasons for work.

Work performance can be seen as the end result of an employee's efforts. whereas according to (Hasibuan, 2017) employee performance is the result of a person's efforts to carry out the responsibilities assigned to him in a timely, competent, and honest manner. According to (Abdullah, 2014) performance Organization is achieved when workers carry out their duties as effectively as possible in line with policies and procedures established by leadership and individual expertise and experience.

Work motivation is the driving force that awakens a person's willingness to work together, work efficiently and integrate all efforts towards satisfaction (Hasibuan, 2017). Motivation is what generates, distributes and supports employee actions to work hard and enthusiasm to achieve optimal results, so that work motivation must be increased.

Work motivation also affects employee performance. As shown by research (Fiansi and sarifuddin, 2019) both found a correlation between employee motivation and productivity. According to (Amirullah and kltalikussabir, 2017) Motivation in work is a condition that affects the initiation, control and

maintenance of actions in the workplace.

From observations it has been found that employees often complain about incentives resulting in a lack of motivation to work. The incentives provided are not entirely equal. This has caused the provision of incentives in one year is not optimal, the amount that is obtained from each employee is also uncertain. Many employees are not serious about their work. Employee performance is also very low. This is beyond the expectations of the leadership and when things like this happen, many employees are relaxed and the result is a lot of work piling up.

2. THEORETICAL STUDY

The theory that forms the basis of this research is Theory of Abraham Maslow, also known as Maslow's hierarchy of needs theory, a concept that describes a hierarchy or sequence of human needs that must be met to achieve maximum levels of satisfaction and personal fulfillment. This theory was developed by psychologist Abraham Maslow in 1943 and has become one of the most well-known and widely cited theories of motivation in psychology.

Human Resource Management

According to (Suyanto, 2015) Human resource management is generally carried out efficiently and effectively. Reaching the highest level of job development, harmonious cooperation between superiors and subordinates is expected to improve performance. Personnel management presents advantages over other resource management. So the success or failure of human resource management has broad implications. Human resource management greatly increases the efficiency and effectiveness of human resources in an organization and provides several effective work units for the organization..

Incentives

Incentives are defined as giving different wages or salaries based on differences in job performance rather than status ratings (Haryono and Warso, 2016). The main purpose of providing incentives is to encourage employees to perform above existing standards and exceed average skills.

The factors that affect the level of incentives are as follows:

1. Department or Position

People with higher positions in a company generally have greater responsibility and scope of work and greater influence on the company's activities and operations. Therefore, when companies provide incentives, they must pay attention to how big the duties and responsibilities of each employee are.

2. Work performance

Employees who perform well or excel in their jobs receive better incentives than those who perform poorly in their jobs.

3. Corporate profits

When a company provides incentives to its employees it benefits not only the employees but also the company itself. Therefore, companies do not hesitate to provide incentives to their best employees, this is because it increases the company's own profits

Incentive indicators

Incentive indicators can be determined from the type of incentives applied in a company (Haryono and Warso, 2016) explaining that incentives can be grouped and can be understood as follows:

Material incentives are all incentives that valued in money

1. Semi-material incentives are all incentives that cannot be measured including: proper work arrangements, systematic training, objective promotions, guaranteed work, solutions, health care etc.
2. Non-material incentives are the attitude of leaders towards their subordinates.

Work motivation

Maslow's theory of needs says that everyone has needs that are ordered from the simplest to the highest according to their importance. If a set of conditions is met, those terms will no longer apply. As motivation these needs can be explained as follows:

1. *Physiological Needs* (physiological needs)
2. *Safety Needs* (need to feel safe)
3. *social Needs or Affiliation* (Need for socialization)
4. *Esteem Needs* (necessity of appreciation)
5. *Self Actualization Needs* (Self-actualization needs)

Employee Performance

According to (Tohirin and Ilhamdi, 2019) employee performance is based on the quality or quantity of workers produced and the employee's personal performance carried out in accordance with the duties and responsibilities given, as well as collective work performance.

There are 7 criteria that can be measured by employee performance:

1. Quality
2. Quantity
3. Accuracy
4. Effectiveness
5. independence
6. Commitment
7. Responsibility

According to (Sugiyono, 2018), in cases where the research problem formulation is given in the form of a phased question, the hypothesis functions as a temporary solution. The hypothesized research results can be summarized as follows, considering the topic

context, the research definition of the problem, and the theoretical overview presented.:

H₁: Giving Incentives affect the performance of non-permanent employees at Embung Fatimah Hospital, Batam City.

H₂: Work motivation affects the performance of non-permanent employees at Embung Fatimah Hospital, Batam City.

H₃: Providing incentives and work motivation simultaneously affect the performance of non-permanent employees at Embung Fatimah Hospital, Batam City.

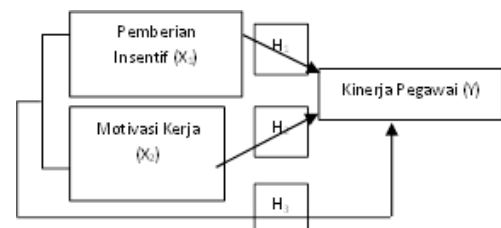


Figure 1
Conceptual Framework

3. RESEARCH METHODS

Embung Fataimah Hospital, Batam City, which is located on Jalan R. Soeprapto Blok D no 1-9 Batu Aji, Batam is the location of this research. All non-permanent employees are the study population.

The research method used is a quantitative approach. The type of primary data as the data source used. Data were obtained directly from the main source of the research object by distributing questionnaires to non-permanent employees. The population in this study were all non-permanent employees in the hospital environment with a total sample of 80 non-permanent employees.

The analytical method used in this study is multiple regression analysis which is processed using SPSS 26. The analytical method is used to understand the effect of the independent variable giving incentives (x₁) work motivation (x₂) on the dependent variable of employee performance (Y). The following is the multiple linear regression equation in this study:

$$Y = a + b_1 X_1 + b_2 X_2 + \text{and}$$

Information:

AND : The dependent variable of employee performance

a : Constant

X₁ and X₂ : Independent variable of giving incentives and work motivation

b₁ and b₂ : Regression coefficient of the independent variable incentives and work motivation

It is : Standard error

4. RESULTS AND DISCUSSION

The validity of the questionnaire questions was checked using SPSS. A measure is declared valid if the correlation value between the question item scores and the overall variable score (item correlation – overall correlation) is greater than or equal to 0.3 (less than 0.3). The validity test criteria are:

Characteristics of Respondents

Table 1
Respondents Based on Gender

Gender		Frequency	Percent
Valid	Man	22	27.5
	Woman	58	72.5
	Total	80	100.0

Based on table 1, it can be observed that there were 58 female respondents or 72.5%, while 22 male respondents or 27.5%.

Table 2
Respondents Based on Age

Age		Frequency	Percent
Valid	20 - 30 Years	39	48.8
	30 -40 Years	41	51.3
	Total	80	100

Based on table 2 it can be seen that the youngest respondents are under 20 years old and the oldest are between the ages of 40 years. Respondents in the age group of 20-30 years totaled 39 people or 48.8%. Respondents with an age range of 30-40 years totaled 41 people or 51.3%.

Table 3
Respondents Based on Age

Education		Frequency	Percent
Valid	D - III	43	53.8
	S - I	22	27.5
	SMA / SMK	15	18.8
	Total	80	100.0

Based on table 3 which shows that as many as 43 people or 53.8% of the respondents had studied Etc. III education. Respondents who had completed their undergraduate education were 22 people or 27.5%, while respondents who had studied high school/vocational school were 15 people or 18.8%.

Table 4

Recapitulation of Validity Test Variable incentives, motivation and employee performance

Variable	Statement	R count	R table	Information
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X1 Incentives	X1.1	0,507	0,220	Valid
	X1.2	0,740	0,220	Valid
	X1.3	0,770	0,220	Valid
	X1.4	0,586	0,220	Valid
	X1.5	0,532	0,220	Valid
	X1.6	0,620	0,220	Valid
	X1.7	0,578	0,220	Valid
	X1.8	0,511	0,220	Valid
	X1.9	0,511	0,220	Valid
x2 Motivation	X2.1	0,745	0,220	Valid
	X2.2	0,738	0,220	Valid
	X2.3	0,706	0,220	Valid
	X2.4	0,778	0,220	Valid
	X2.5	0,795	0,220	Valid
	X2.6	0,839	0,220	Valid
	X2.7	0,745	0,220	Valid
	X2.8	0,738	0,220	Valid
	X2.9	0,706	0,220	Valid
	X2.10	0,778	0,220	Valid
	X2.11	0,795	0,220	Valid
	X2.12	0,839	0,220	Valid
	X2.13	0,778	0,220	Valid
	X2.14	0,795	0,220	Valid
	X2.15	0,839	0,220	Valid
	X2.16	0,778	0,220	Valid
	X2.17	0,795	0,220	Valid
	X2.18	0,839	0,220	Valid
AND Employee Performance	Y.1	0,313	0,220	Valid
	Y.2	0,572	0,220	Valid
	Y.3	0,596	0,220	Valid
	Y.4	0,556	0,220	Valid
	Y.5	0,525	0,220	Valid
	Y.6	0,509	0,220	Valid
	Y.7	0,676	0,220	Valid
	Y.8	0,637	0,220	Valid
	Y.9	0,650	0,220	Valid
	Y.10	0,507	0,220	Valid
	Y.11	0,577	0,220	Valid
	Y.12	0,553	0,220	Valid

From table 4 it can be seen that the values in the summary table check the validity of incentive variables, employee motivation and performance, all questions are valid research variables because the value in r count has a value greater than r table 0.220 (r count > table r data is valid).

Reliability Test

The results of the reliability test are presented in table 6 as follows:

Table 5
Reliability test results

Variable	Cronbach's Alpha	Information
Incentive (X1)	0,777	Reliable
Motivation (X2)	0,961	Reliable
Employee Performance (Y)	0,793	Reliable

The Cronbach Alpha value for each variable from the results of the questionnaire question test in table 5 shows a value greater than 0.06 so it can be concluded that the questionnaire in this study can be said to be reliable or reliable.

Normality test

Table 6
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		80
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,27940393
Most Extreme Differences	Absolute	,096
	Positive	,042
	Negative	-,096
Test Statistic		,096
Asymp. Sig. (2-tailed)		,063 ^c

- a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The normality test results aim to determine whether the confounding or residual variables in the regression model are normally distributed or not. The results of the normality test which can be seen from table 6 show that the significant value of the regression model is 0.063 greater than 0.05, so it can be concluded that the data is normally distributed.

Table 7
Multicollinearity Test Results

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	The cent	.978	1.023
	Motivation	.978	1.023

a. Dependent Variable: Employee_Performance

Based on table 7, the variables mentioned above do not show multicollinearity in the regression model of this study because the tolerance value is more than 0.1 and the VIF value is less than 10.

Table 8
Heteroscedasticity test

Variable	Say	Criteria
Providing Incentives (X1)	0,217	There is no heteroscedasticity
Work Motivation (X2)	0,382	There is no heteroscedasticity

The significance value of the (independent) variable X is greater than 0.05, so the data does not have heteroscedasticity problems, as shown in Table 8. Heteroscedasticity test using the Glesjer technique.

Table 9
Results of Multiple Linear Regression Analysis

Model		Coefficients ^a			t	Say.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-4,679	1,432		-3,269	,002
	Incentives	,763	,033	,623	23,357	,000
	Motivation	,346	,014	,661	24,794	,000

a. Dependent Variable: Employee_Performance

From table 9 the regression equation can be made as follows:

$$Y = a + b_1 X_1 + b_2 X_2$$

$$Y = -4.679 + 0.763 X_1 + 0.346 X_2$$

- a. $a = -4.679$ states that if Giving Incentives (X_1), Work Motivation (X_2) but (no change) then Employee Performance (Y) is -4.679 .
- b. $b_1 = 0.763$ states that if Giving Incentives (X_1) increases, then Employee Performance (Y) will change by 0.763, assuming there is no addition (constant) Work Motivation (X_2).
- c. $b_2 = 0.346$ states that if Work Motivation (X_2) increases, then Employee Performance (Y) will change 0.346, assuming there is no addition (constant) Incentives (X_1).

The t-test was carried out through the SPSS program, in order to obtain the following output:

Table 10

Model		Coefficients ^a			t	Say.
		Unstandardized Coefficients		Std. Error		
		B	Std. Error			
1	(Constant)	-4,679	1,432	-3,269	,002	
	Incentives	,763	,033	23,357	,000	
	Motivation	,346	,014	24,794	,000	

The first hypothesis (H_1) will test whether or not there is an incentive factor on labor efficiency. From the data in Table 10, we can get the regression equation formula:

$$Y = -4.679 + 0.763X_1$$

The incentive variable has a positive and statistically significant effect, as shown by the previous equation, with a t count of 23.357 > t table of 1.664 (alpha = 5%) and a levelsignificance 0 0.05. Consequently, there is a positive and statistically significant relationship between the incentive variable and the outcome (performance) of the dependent variable (employee performance). This means that H_1 is approved and H_0 is rejected.

The second hypothesis (H_2) will investigate the impact of intrinsic motivation at work on productivity measures. From the data in Table 5, we can get the regression equation formula:

$$Y = -4.679 + 0.346X_2$$

The t value of work motivation variable (X_2) is

24.794 > t table 1.664 (alpha = 5%) with a significance level of 0, namely 0.05 which indicates a positive and significant effect. Therefore, as an independent variable, work motivation has a significant and positive effect on the dependent variable, namely employee performance. H means₂ accepted and H₀ rejected.

Table 11
Oji F

Model	Sum of Squares	df	Mean Square	F	Say.	
1	Regression	2288.237	2	1144.118	681.270	.000 ^b
	Residual	129.313	77	1.679		
	Total	2417.550	79			

The F test is used to test the third hypothesis. The purpose of testing this third hypothesis is to study how work incentives and motivation affect various measures of productivity. Table 11 shows the data from which the equations for multiple linear regression can be derived:

$$Y = -4.679 + 0.763 X_1 + 0.346 X_2 + \text{and}$$

The resulting F value is 681.270 > F table 2.719, at a significance level of 0 < 0.05 which is determined using the calculation above, meaning that there is a positive and statistically significant relationship between the independent variables of incentives and work motivation and the dependent variable of employee performance. Therefore, we must reject H₀ and accept H₃.

The coefficient of determination test was carried out to determine the strength of the relationship between the independent (X) and dependent (Y) variables.

Table 12
Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.973 ^a	.947	.945	1.296

Table 12 presents the findings showing an adjusted R-squared value of 0.945 for the coefficient of determination, which is equivalent to a 94.5% effect of X on Y.

To facilitate data analysis, we provide details of commonly used statistical tests below:

1. Effect of Incentives on Employee Performance

Employees believe their performance increases and they are treated fairly at work when incentives are high, as shown by statistical test results, indicating that the hypothesis is acceptable.

2. The Effect of Work Motivation on Employee Performance

The quantitative analysis supports the idea that worker motivation affects work productivity. Several indicative elements exist to support this, including the need to fulfill basic physiological needs, the need to

feel safe and comfortable, the desire to interact with others outside one's immediate social circle, and to have competencies that match one's expertise. Therefore, individual's level of motivation at work has a direct proportional relationship with his productivity at work.

3. Effect of Incentives and Work Motivation on Employee Performance

Incentives and work motivation do affect worker performance, as shown by the statistical tests mentioned above. Since there is a strong correlation between financial incentives and intrinsic motivation, it makes sense that providing employees with both will increase productivity. The more employee preferences can be accommodated in the workplace, the more productive they will be.

CONCLUSIONS AND RECOMMENDATIONS

Workplace incentives and motivation have been studied for their impact on the productivity of temporary workers, and the following conclusions have been drawn from the findings and discussion so far:

1. Employee performance has a positive and significant relationship with the incentive variable (H₁) which is the independent variable.
2. The second hypothesis (H₂) states that work motivation has a positive and significant effect on employee performance at work.
3. The third hypothesis (H₃) states that the employee performance variable (dependent variable) is positively and significantly influenced by the incentive variable (independent variable) and work motivation variable (independent variable).

Based on this research, agencies get more value for providing incentives in the form of loyalty which can automatically increase the quality and quantity of significant performance or production. Meanwhile, work motivation in agencies based on this research is influential in terms of forming new perspectives on employees, thus forming a positive attitude to improve the performance of the employees themselves which has a positive impact on agency income.

THANK YOU

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