



The Effect of incentives on employee performance with motivation as a moderation variable

Setyowati Subroto¹, Agnes Dwita Susilawati², Yuniarti Herwinarni³, Evit Wijaya Ali⁴

^{1,2,3,4} Management Study Program, Faculty of Economics and Business, Pancasakti University, Tegal, Indonesia
Pancasakti University, Tegal, Indonesia

ARTICLE INFO

Article history:

Received Aug 30, 2023

Revised Sep 15, 2023

Accepted Sep 22, 2023

Keywords:

Employee Performance;

Work Incentives;

Work Motivation

ABSTRACT

Business competition has become a very natural thing nowadays among existing companies and it is inevitable anymore. All companies are required to be ready to face it in any way such as making improvements and improving the company's internal and external conditions to be able to survive and succeed in facing existing competition. One of the internal conditions that must receive attention from the company is the human resources factor. This study purpose to analyze the influence of incentives on performance, the influence of incentives on motivation, the influence of motivation on performance and the influence of incentives on performance with motivation as a mediator. This research employed a quantitative approach, types of data collection, the sample in this study was 45 respondents, using simple linear analysis test data analysis, and a sobel test. This study found that incentive affects employee performance, incentive affects work motivation, motivation affects employee performance and incentive affects performance with motivation as a mediator at PT Matahari Department Store Pacific Mall Tegal.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

Agnes Dwita Susilawati,

Management Study Program,

Pancasakti University, Tegal, Indonesia

Jl. Raya Hankam No. 54 Jatirahayu, Pondok Melati, Bekasi

Email: agnes_dwita@upstegal.ac.id

INTRODUCTION

Business competition has become a very common thing nowadays among existing companies and it cannot be avoided anymore. All companies are required to be ready to face it in any way, such as making improvements and enhancing the company's internal and external conditions in order to survive and succeed in facing the existing competition. One of the internal conditions that must receive attention from the company is the human resource factor. Employees are one of the most important production factors in a company. Without employees, the company will find it difficult to achieve goals because employees determine the progress of a company. In addition, with the positive contribution of employees, the vision or goals to be achieved by the company can be achieved. To achieve this goal, highly motivated employees are needed, therefore knowledge is needed about how to direct employees properly so that they can work optimally. One manifestation of the company's management attention to employees can be in the form of

providing proper incentives so as to motivate employees' work which ultimately affects work performance with higher and better results, so that work results can be improved and in the end the company's goals will be achieved (Grafitto Riyant Grahayuda, M. Al Musadieq, 2014).

Incentives are any compensation given to employees beyond the wages and salaries they receive because employees work better (H Simamora, 2012). The incentives provided are in the form of material and non-material incentives which means that by providing incentives it offers employees to be able to achieve better results by working more diligently and thoroughly. With this incentive, employees will compete to improve the achievement of work results so that employees will get greater results from what they do.

According to (Mangkunegara, 2012), stating employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Employee performance is influenced by several factors, namely job satisfaction, stress level, physical condition, work, compensation system and economic aspects. The use of performance appraisal seen from the perspective of company development or HR development according to (M. Abdullah, 2014) is to strengthen the bargaining position between companies and employees as a basis for implementing training and development as a basis for evaluating. According to (Utomo, 2022) stating employee performance is the result of work in quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to her.

Based on this opinion, it can be concluded that one of the most important factors in efforts to increase performance is the compensation system where the compensation system includes incentives. The performance of Matahari Department Store employees at the Pacific Mall Tegal branch in recent months has been considered unstable and has not met the company's targets, to be precise from August 2021 to January 2022. Results in achieving the Matahari brand product target or often known as the buy-out product over the last 6 months only 2 months reached the target, namely in October 2021 at 101.0% and in January 2022 at 115.7% which indicated that employees only received incentives in October 2021 and January 2022. The problem of not achieving this target was one of the reasons the covid-19 pandemic, the implementation of the PPKM policy for the Tegal City area, resulting in decreased customer traffic for shopping at Matahari, as well as the declining economic conditions of the people causing purchasing power to decrease. This makes PT. Matahari Department Store Pacific Mall Tegal branch feels the problem of a decrease in employee performance to produce company productivity and achieve planned targets (Martinus & Budiyanto, 2016)

Based on the explanation above, one source of motivation to improve employee performance is by providing incentives. So in this case explaining something good in the organization, the better the performance of employees. With the provision of incentives becomes a motivation for employees to improve performance in an organization. An organizational relationship that exists both among people or between employees, both towards leaders and other employees, as well as good relations between all employees in the work environment (Widhianingrum, 2018)(Liu & Liu, 2022)

The difference with this and subsequent research is that incentives are proven to have a significant influence on their performance at work. Therefore, employees should use incentives as encouragement to work. Apart from that, you must always pay attention to or even increase motivation, especially to get bigger incentives. To increase work motivation, it is necessary to have appropriate incentives so that they can motivate employees to continue to excel so as to produce optimal performance and for further researchers they should be able to analyze other factors with different research location objects that influence increasing employee performance such as salary, ability employees, work environment and career development.

RESEARCH METHOD

In this study the approach used is a quantitative approach. The population in this study were all employees of the Matahari Department Store, Pacific Mall Tegal branch, with a total of 45 employees. This research sample selection method uses a saturated sample because the number of employees who are relatively small is 45 respondents. The data collection technique used a questionnaire (questionnaire) and data analysis was carried out in order to obtain the data processing carried out during the research, namely by using Simple Linear Regression Analysis, t test and Sobel test (Sugiyono, 2015)

RESULTS AND DISCUSSIONS

Characteristics of Respondents

In this study, the characteristics of the respondents who were extracted from the questionnaire were gender and age. There were 19 or 42.22% of male respondents and 26 or 57.78% of female respondents. In terms of age characteristics, there were 28 or 62% of respondents with an age range of 19 to 25 years, 10 or 22% of respondents with an age range of 26 to 32 years and as many as 7 or 16% of respondents with more than 32 years of age. In the last educational characteristics there were 28 or 62% of respondents with the last education of SMA/SMK, 5 or 11.11% of the respondents with the last education of DIII, and 12 or 27% of the respondents with the last education of S1

Validity Test Results and Reliability Tests

In this research, the data collection technique uses a questionnaire, by Kalrenal it is necessary to test the validity of the questionnaire by using a validation test in a reliability test. The validation test was carried out using Pearson Correlation in the numerical analysis of the validation test showing that all statement items had a statistical significance value that was calculated to be greater than the r score, which was 0.294. So, with this result, all statement items used in this research are valid and can be used to measure the effect of incentives and work motivation on initial performance. Meanwhile, the reliability test that was carried out showed that all variables had a Cronbach's Alpha value greater than 0.60. So, with this result, the statement items are shown to be reliable and can be used to measure the incentive variable, work motivation and initial performance.

Classical Assumption Test Results

The classical assumption test that was carried out in this study used the One-Sample Kolmogorov-Smirnov test with a significance value of 0.200 so that the data is normally distributed with a significance value of > 0.05 . Then, in the multicollinearity test, the two normal variables have a tolerance value of $0.899 > 0.10$ and a VIF value of $1.112 < 0.10$ so that the variable is incentive independent, in work motivation there is no such thing as multicollinearity. Then the heteroscedasticity test determines whether a given model is free from heteroscedasticity or not by looking at the partial Scatter Plots dilatally based on the graphical scatterplot showing that no particular regular pattern is found in the spreading points in the plots in the variable along the Y axis which means heteroscedasticity did not occur in the regression model.

Results of Multiple Linear Regression Analysis, (a) The simple regression equation for incentives in terms of initial performance is: $Y' = 12.659 + 0.561X$. Judging from the constant analysis, it is 12.659; That means if the incentive is zero, then the initial performance value is 12.659. (1) The regression coefficient of the incentive variable has a positive value of 0.561; So if the incentives experience an increase of 1, then the performance will increase by 0.561. (2) The coefficient has a positive value, meaning that there is a positive relationship between incentives

and financial performance. The higher the malkal work incentive, the higher the kalryal performance. (b) The simple regression equation for incentives in terms of motivation is: $Y' = 28.427 + 0.281X$. Judging from the constant analysis, it is 28.427; That means if incentives have a zero value, then the work motivational value is 28.427. The regression coefficient of the incentive variabel has a positive value of 0.281; So if the incentives experience an introduction of 1, then work motivation will experience an increase of 0.281. The coefficient has a positive value, meaning that there is a positive relationship between incentives and work motivation. The higher the work incentives, the higher the work motivation (Yuliana & Silalahi, 2018). (c) The simple regression equation is motivation in terms of performance, which is: $Y' = 14.049 + 0.413X$. Judging from the constant analysis, it is 14.049; That means if motivation has a zero value, then the actual performance value is 14.049. The regression coefficient of the motivation valrialbel has a positive value of 0.413; So if motivation experiences an introduction of 1, then performance will usually experience an increase of 0.413. The coefficient has a positive value, meaning that there is a positive relationship between performance motivation and performance. The higher the malkal work motivation, the higher the mental performance (Norbaiti et al., 2022)

Test Results t

Based on the results of the incentive variable t test on employee performance. Statistical test calculations obtained t value 7.908 with a sig value. of 0.000 where the sig. less than 5% (0.05) or $0.000 < 0.05$ and the t-count value is $7.908 > t\text{-table } 1.68$, meaning that H_0 is rejected. Based on the test results, the H_1 hypothesis is accepted. So, it can be concluded that there is a significant effect of incentives on employee performance at PT Matahari Department Store Pacific Mall Tegal.

Based on the results of the incentive variable t test on work motivation. Statistical test calculations obtained t value 2.196 with a sig value. of 0.034 where the sig. smaller than 5% (0.05) or $0.034 < 0.05$ and the t-value is $2.196 > t\text{-table } 1.68$, meaning that H_0 is rejected. Based on the test results, the hypothesis H_2 is accepted. So, it can be concluded that there is a significant effect of incentives on work motivation at PT Matahari Department Store Pacific Mall Tegal (Widhianingrum, 2018)

Based on the results of the t test variable motivation on employee performance. Statistical test calculations obtained a t value of 3.804 with a sig value. of 0.000 where the sig. less than 5% (0.05) or $0.000 < 0.05$ and the t-value is $3.804 > t\text{-table } 1.68$, meaning that H_0 is rejected. Based on the test results, the H_3 hypothesis is accepted. So, it can be concluded that there is a significant influence of motivation on employee performance at PT Matahali Department Store Pacific Mall Tegal.

Sobel Test Results

Based on the calculation of the Sobel test, the t value is 1.872. The t count value is $1.872 > t\text{ table } 1.68$, meaning that H_0 is rejected. Based on the test results, the H_4 hypothesis is accepted. So, it can be concluded that there is a significant effect of incentives on performance with motivation as a mediator at PT Matahari Department Store Pacific Mall Tegal.

Discussion

Effect of Incentives on Employee Performance

Based on the results of the analysis, it is found that H_1 is accepted, meaning that there is a significant influence of incentives on employee performance. This shows that the better the incentive program provided by PT Matahari Department Store Pacific Mall Tegal, the better the performance of employees. This result is in line with the results of research (Akbar M & Sinaulan J.H, 2020),(Jalmo Hadi Prayitno et al., 2020) (Almaududi, S., Syukri, M., & Astuti, 2021) showing that incentives have a significant effect on employee performance.

Effect of Incentives on Work Motivation

Based on the results of the analysis, it is found that H2 is accepted, meaning that there is a significant effect of incentives on work motivation. This shows that if the incentive program is getting better, the work motivation of PT Matahari Department Store Pacific Mall Tegal employees will be higher. This result is in line with research (Farisi, S., Irnawati, J., & Fahmi, 2020), (Almaududi, S., Syukri, M., & Astuti, 2021) and (Nasri Katman et al., 2022) showing that incentives have a significant effect on work motivation.

The Effect of Motivation on Employee Performance

Based on the results of the analysis, it is found that H3 is accepted, meaning that there is a significant influence of motivation on employee performance. This shows that if the employee's work motivation is getting better, the performance of the employees of PT Matahari Department Store Palsific Mall Tegal will be higher. This result is in line with research (Susanto, 2019), (Prasetyo et al., 2021) (Madhuri et al., 2022) (Alfarizi, A., Suharini, S., & Hastasari, 2022) showing that work motivation has an influence on employee performance.

Influence of Incentives on Employee Performance with Motivation as a Mediator

Based on the results of the analysis obtained H4 is accepted, meaning that there is a significant influence of incentives on performance with motivation as a mediator. This shows that if the incentives are better accompanied by higher motivation, the performance will be higher. This result is in line with research (Ramadan et al., 2021) (Rachmawati & Frianto, 2022) (Restu Utami & Nurleli, 2023) showing that if the incentives are better accompanied by higher motivation, the performance will be higher .

The results of this study which have been described above found that incentives affect employee performance and work motivation, motivation influences employee performance and incentives affect employee performance with motivation as a mediator. Future research can analyze other factors that influence employee performance improvement such as salary, employee capabilities, work environment and career development

CONCLUSION

The results of this study which have been described above found that incentives affect employee performance and work motivation, motivation influences employee performance and incentives affect employee performance with motivation as a mediator. Future research can analyze other factors that influence employee performance improvement such as salary, employee capabilities, work environment and career development.

Implication is a consequence or direct result of the findings of a scientific research. The results of this research found that incentives influence employee performance and work motivation, motivation influences employee performance and incentives influence employee performance with motivation as a mediator. Further research can analyze other factors that influence improving employee performance, such as salaries, employee abilities, work environment and career development. A research was conducted at the Matahari Department Store Pacific Mall Tegal branch The conclusions drawn certainly have implications in the field of management, especially human resource management and also further research in this regard The implications are as follows. Incentives influence employee performance at PT Matahari Department Store Pacific Mall Tegal and 3. Motivation influences employee performance at PT Matahari Department Store Pacific Mall Tegal. Therefore, employees should use incentives as encouragement to work. Apart from that, you must always pay attention to or even increase motivation, especially to get bigger incentives. Motivation influences employee performance at PT Matahari Department Store Pacific Mall Tegal. To increase work motivation, it is necessary to have appropriate incentives so that they can motivate employees to continue to excel so as to produce

optimal performance. PT Matahari Department Store should pay more attention to employees, pay more attention to their rights, provide welfare, and so on so that they are more loyal and have high performance

ACKNOWLEDGEMENTS

Thank you to the Institute for Research and Community Service (LPPM) and the Faculty of Economics and Business, Pancasakti University, Tegal, for funding this research to completion.

References

- Akbar M & Sinaulan J.H. (2020). Pengaruh Insentif dan Promosi Terhadap Kinerja Karyawan PT. Matahari Departement Store Cabang Depok Town Square. *Jurnal Ekonomi*, 22(3), 266-272.
- Alfarizi, A., Suharini, S., & Hastasari, R. (2022). Pengaruh Insentif Terhadap Kinerja Karyawan Dengan Variabel Intervening Motivasi Kerja Pada PT Ganda Mady Indotama. *Jurnal Akrab Juara*, 7(1), 1-11.
- Almaududi, S., Syukri, M., & Astuti, C. P. (2021). Pengaruh Insentif Terhadap Kinerja Karyawan Pada Hotel Mexicana Kota Jambi. *Jurnal Manajemen Dan Sains*, 6(1), 96-102.
- Farisi, S., Irnawati, J., & Fahmi, M. (2020). Pengaruh Motivasi dan Disiplin Kerja Terhadap Kinerja Karyawan. *Jurnal Humaniora: Ilmu Sosiasl, Ekonomi Dan Hukum*, 4(1), 15-33.
- Grafitto Riyant Grahayuda, M. Al Musadieg, M. D. M. (2014). Pengaruh Insentif terhadap Motivasi Kerja (Studi pada Karyawan PT. AXA Financial Indonesia Sales Office Cabang Malang). *Jurnal Administrasi Bisnis*, 8(1), 1-7.
- H Simamora. (2012). *Manajemen Sumber Daya Manusia* (Edisi 1). STIE YKPN Yogyakarta.
- Jalmo Hadi Prayitno, Asriansyah S. Mawung, & Achmad Syamsudin. (2020). Pengaruh Kompetensi, Insentif dan Motivasi terhadap Kinerja Pegawai pada Badan Narkotika Nasional Provinsi Kalimantan Tengah. *Journal of Environment and Management*, 1(2), 91-102. <https://doi.org/10.37304/jem.v1i2.1744>
- Liu, W., & Liu, Y. (2022). The Impact of Incentives on Job Performance, Business Cycle, and Population Health in Emerging Economies. *Frontiers in Public Health*, 9(February), 1-14. <https://doi.org/10.3389/fpubh.2021.778101>
- M. Abdullah. (2014). *Manajemen dan Evaluasi Kinerja Karyawan*. Aswaja Pressindo.
- Madhuri, M., Herningsih, H., & Matutu, A. (2022). Pengaruh Kompetensi Dan Motivasi Terhadap Kinerja Pegawai Dengan Pemanfaatan Teknologi Informasi Sebagai Variabel Intervening Pada Kantor Unit Penyelenggara Bandar Udara Inanwatan-Sorong Selatan. *AkMen JURNAL ILMIAH*, 19(3), 253-265. <https://doi.org/10.37476/akmen.v19i3.2605>
- Mangkunegara. (2012). *Evaluasi Kinerja SDM* (Cetakan 8). PT. Refika Aditama.
- Martinus, E., & Budiyanto. (2016). Pengaruh Kompensasi Dan Motivasi Kerja Terhadap Kinerja Karyawan Pada Pt. Devina Surabaya. *Jurnal Ilmu Riset Dan Manajemen*, 5(1), 1-15.
- Nasri Katman, M., Rasul Pradana, M., & Ambo Masse, R. (2022). Pengaruh Insentif dan Kedisiplinan Terhadap Kinerja dengan Religiuitas Sebagai Variabel Moderating. *Jurnal Ekonomi Dan Bisnis*, 1(2), 20-26. <https://doi.org/10.57151/jeko.v1i2.55>
- Norbaiti, N., Hamdilah, H., Husein, N. M., & Arifin, Z. (2022). The Effect of Wages and Incentives on Employee Performance Improvement. *International Journal of Multi Discipline Science (IJ-MDS)*, 5(2), 89. <https://doi.org/10.26737/ij-mds.v5i2.3480>
- Prasetyo, E., Riadi, F., Rinawati, N., & Resawati, R. (2021). Pengaruh Motivasi Dan Disiplin Kerja Terhadap Kinerja Karyawan. *Acman: Accounting and Management Journal*, 1(2), 61-66. <https://doi.org/10.55208/aj.v1i2.20>
- Rachmawati, N. A., & Frianto, A. (2022). Pengaruh Insentif dan Motivasi terhadap Kinerja PNS di Badan Kepegawaian Daerah. *Jurnal Ilmu Manajemen*, 10(2), 702-713.
- Ramadan, S., Pengaraian, U. P., & Hulu, R. (2021). ANALISIS KINERJA KARYAWAN PADA BADAN PENDAPATAN ANALYSIS OF EMPLOYEE PERFORMANCE AT THE. 03(03), 474-480.
- Restu Utami, I., & Nurleli. (2023). Pengaruh Pemberian Insentif terhadap Kinerja Karyawan melalui Motivasi Kerja sebagai Variabel Intervening. *Bandung Conference Series: Accountancy*, 3(1), 237-244. <https://doi.org/10.29313/bcsa.v3i1.6082>
- Sugiyono. (2015). *Metode Penelitian dan Pengembangan*. CV ALFABETA.

- Susanto, N. (2019). Pengaruh Motivasi Kerja, Kepuasan Kerja, dan Disiplin Kerja Terhadap Kinerja Karyawan Pada Divisi Penjualan PT Rembaka. *Agora*, 7(1), 6-12.
- Utomo, H. S. (2022). The Effect of Incentives and Motivation on The Performance of Employees in North Samarinda Sub-District Office. *International Journal of Social Science Research and Review*, 5(11), 268-276. <https://doi.org/10.47814/ijssrr.v5i11.727>
- Widhianingrum, W. (2018). the Effect of Giving Incentives To Employee Performance Pt. Bpr Ekadharna Magetan. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 2(04). <https://doi.org/10.29040/ijebar.v2i04.359>
- Yuliana, P. dwi, & Silalahi, E. efendi. (2018). Pengaruh Insentif dan Jaminan Sosial (BPJS) Terhadap Produktivitas Kerja Karyawan dengan Motivasi sebagai Variabel Moderating pada PT. Taman Impian Jaya Ancol. *Journal of Physics A: Mathematical and Theoretical*, 6(1), 1-13.