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THE IMPACT OF MONETARY AND NON-MONETARY INCENTIVES ON EMPLOYEES' MOTIVATION IN PT XYZ'S FINANCE FUNCTION IN SURABAYA

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ABSTRACT

While successful corporate strategies are those executed well by the management, the execution itself will depend on the employees involved in the business process. Thus, it is very important for the management to understand the factors that influence employees to be motivated in performing the required tasks and achieve or even surpass the management expectation.

PT XYZ's strong performance amid the fierce competition in the industry makes the company cannot afford to ignore the contribution of their people to strive. Considering which incentives utilized by PT XYZ that affect employees' motivation the most will help PT XYZ to manage its employees more effectively.

This research was conducted in PT XYZ's Finance function in Surabaya by distributing questionnaires to 102 employees. The sampling method used was simple random sampling. The data were analyzed using Multiple Linear Regression Analysis. The results show that monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives have significant impact on employees' motivation. When analyzed individually, tangible non-monetary incentives are the only factors having no significant impact on employees' motivation. In addition, the result indicates that intangible non-monetary incentives are the most influential factors affecting employees' motivation in PT XYZ's Finance function.

Keywords: Human Resource, Motivation, Employees' Motivation, Incentives, Monetary Incentives, Non-monetary Incentives.

ABSTRAK

Jikalau strategi perusahaan yang sukses adalah strategi yang dapat dieksekusi dengan baik oleh manajemen, proses eksekusi strategi itu sendiri bergantung pada karyawan yang terlibat dalam bisnis proses. Maka dari itu, sangat penting bagi manajemen untuk memahami faktor-faktor yang dapat mempengaruhi karyawan untuk dapat termotivasi dalam melakukan tugas-tugas yang diperlukan dan mencapai atau bahkan melampaui harapan manajemen.

Performa PT XYZ yang kuat di tengah-tengah kompetisi yang sengit di industri membuat perusahaan tidak dapat mengabaikan kontribusi dari karyawan mereka untuk berusaha keras. Dengan mempertimbangkan insentif yang paling mempengaruhi motivasi karyawan akan membantu PT XYZ untuk mengarahkan karyawannya secara lebih efektif.

Penelitian ini dilakukan di departemen Keuangan PT XYZ di Surabaya dengan menyebarkan kuesioner kepada 102 karyawan. Metode *sampling* yang digunakan adalah *simple random sampling*. Data yang ada dianalisa menggunakan *Multiple Linear Regressions Analysis*. Hasilnya menunjukkan bahwa insentif moneter, insentif non-moneter yang berwujud, dan insentif non-moneter yang tidak berwujud memiliki pengaruh yang signifikan terhadap motivasi karyawan. Saat dianalisa secara individu, insentif non-moneter yang berwujud adalah satu-satunya faktor yang tidak memiliki pengaruh signifikan terhadap motivasi karyawan. Selain itu, hasilnya mengindikasikan bahwa insentif non-moneter yang tidak berwujud adalah faktor yang paling mempengaruhi motivasi karyawan di departemen Keuangan PT XYZ.

Kata Kunci: *Human Resource, Motivasi, Motivasi Karyawan, Insentif, Insentif Moneter, Insentif Non-moneter.*

INTRODUCTION

Throughout the years, many researchers have found that employees' motivation plays vital role in the success of the company. Rutherford (2007) described that motivated employees make organization become more successful as they are driven to continuously seek improvements to do work. Organizations seeking to motivate employees are fundamentally investing for the future as it will improve the employees' productivity and the work quality. Taking the importance of employees' motivation into consideration, it is becoming undeniable that companies need to have knowledge on how to effectively motivate employees by understanding factors that motivate employees to strive for higher level of performance.

Prior studies show that incentives programs adopted by the companies are relevant factors which contribute to the employees' motivation. A research conducted by Condly, Clark, and Stolovitch (2003) showed that incentives programs have the potential to improve performance by as much as 44% if used properly to address the problems of performance and motivation. A well-designed compensation and recognition system in a company can be effective motivators for employees to perform as expected by the company. Deeprose (2006) asserted that a well-designed recognition system in the company can enhance the employees' motivation.

PT XYZ, an Indonesian-based Fast Moving Consumer Good (FMCG) company, is engaged in manufacturing and trading of particular product with numerous subsidiaries across the country. In the past 5 years, the net income of PT XYZ has grown by 26% on average, annually, as shown in Figure 1.1. Their strong performance amid the fierce competition in the industry makes the company cannot afford to ignore the contribution of their people to strive. PT XYZ believes that employees are the company's asset that is of the utmost importance (PT XYZ's Annual Report, 2010). They address that the future growth of the company depends on the employees' performance and hence employees' motivation is essential for the company's longevity. In addition, incentive packages provided by the company have been regarded effective in attracting, retaining, and motivationg emplovess (M. Wahyudi, personal communication, April, 2014).

This research will examine the impact of incentives, which are divided into monetary incentives, tangibe non-monetary incentives and intangible non-monetary incentives (Pattanayak, 2005), towards employee's motivation. Hypothesis testing is conducted to assess both simultaneous and individual impact of monetary incentives, tangibe non-monetary incentives and intangible non-monetary incentives towards employees' motivation By understanding which of the these factors have the most influential impact on employees' motivation, PT XYZ's management can take appropriate course of action in order to effectively enhance employees' motivation.

LITERATURE REVIEW

As defined by Baron and Greenberg (2008), motivation is set of processes based on a force that makes the behavior energized and directs it towards some goal to achieve. Williams (2010) interprets motivation as "a predisposition to behave in purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal and organizational goals" (para. 5). To put it simply, it is "[The] tendency to expend effort to achieve goals" (Johnson in Schmidt, Boraie, & Kassagby, 1996, p. 11). Employees can be motivated through the use of incentives which can be divided into monetary incentives and non-monetary incentives (Luthans, 2002; Pattanayak, 2005).

Monetary incentives serve as reward for employees as a result of their creditable performance at work through money. They include salary, wages, allowance, project bonus, scheduled bonus, profit sharing, stock options, and insurance program (Cole, 1997; Ballentine et al, 2012). Monetary incentive, by its nature, is related to the satisfaction of various needs hence it can lead to motivating people at work. The physical value of money may not be valuable, but the perceived value of money, so called as valence (Vroom, 1964), is what makes it acquire motivating power. Condly et al. (2003) in their study revealed that money was found to result in higher performance than non-monetary tangible incentives (gifts, travel).

Pattanayak (2005) classify non-monetary incentives into tangible non-monetary incentives and intangible non-monetary incentives. Tangible non-monetary incentives can be in the form of treats, awards, knick-knacks, and tokens. Intangible non-monetary incentives may take the form of informal recognition, friendly greetings, more responsibility, meaningful work, job rotation, performance feedback, special assignments, and training.

Jeffrey and Shaffer (2007) states that tangible non-monetary incentives can motivate employees as tangible non-monetary incentives can have higher perceived values when emotional evaluation by employees occurred. Tangible non-monetary incentives like a vacation trip or an award will be remembered longer compared to a cash bonus as this type of incentives creates fond memories. Incentive Federation Incorporated study (2005) revealed that two-thirds of the respondents surveyed felt that monetary incentives is easily forgotten as employees see monetary incentives as part of their rightful compensation.

Intangible non-monetary incentive such as recognition is also effective in motivating employees. Wiscombe (2002) suggests that recognition and praise are among the strongest motivators as what people really want is to be recognized for making contribution. In addition, according to Urichuck (2008), recognition is "the number one motivating factor" which enhances the employees' belief and self-esteem, causing them to believe that they can do better. A study conducted by Dewhurst (2009) from McKinsey Quarterly revealed that non-monetary incentives are no less or even more effective motivators than monetary incentives. The study revealed the three most effective non-monetary incentives, which are praise from immediate managers,

leadership attention (for instance one-on-one conversations), and a chance to lead projects or task force. One of the HR directors interviewed admitted that providing attention to employees are "hugely motivational" as employees will feel valued. Furthermore, opportunity to lead project is also effective incentive as it "makes people feel like they are part of the answer – and part of the company's future."

Several similar studies have been conducted to assess the impact of monetary and non-monetary incentives toward employees' motivation. Narsee (2012) conducted a research to compare the impact of monetary and non-monetary reward programs towards employee and organization motivation. The research is based on the survey distributed to 405 professionals working in South Africa. The survey consists of questions focusing on the participant's preference for the specific monetary reward (basic salary, performance bonuses, etc.) and non-monetary rewards (full appreciation of work done, promotion and growth in the organization, etc.) which can motivate them. The survey shows that monetary reward such as basic salary and performance bonuses have the greatest impact to motivate employees. Both basic salary and performance bonuses component are rated as important/very important by respondents (88% and 91% respectively). Career Development and Work Performance Recognition as components of non-monetary reward are ranked second and third as the factors which have the greatest impact to motivate employees.

Ali and Akram (2012) analyzed a data of 186 employees working in pharmateutical industry in Pakistan. The data were processed using simple linear regression to analyze the impact of financial rewards on employees' motivation and satisfaction. The result supports that there is a positive significant impact of financial rewards on employees' motivation. The significance is 0.000 with the R2 of 0.197.

Rahim and Daud (2013) examined the effect of rewards towards employee's motivation among administrators in a university in Malaysia. The method used in this research was multiple linear regression. 80.2% of the respondents agree that extrinsic rewards (salary, medical, bonus and accommodation) are at high level of importance, while 88.3% of the respondents agree that intrinsic rewards (responsibilities, team planning, development program, and achievement) are at high level of importance, and 89.5% of the respondents express high level of motivation working in the university. The result of the regression analysis produces adjusted R_2 value of 0.736, which means that 73.6% of the variation in the motivation can be explained by extrinsic and intrinsic rewards. The multiple linear regression results conclude that rewards (extrinsic and intrinsic) have a significant and positive impact on motivation.

Based on the preceding literature reviews, the following hypotheses are formulated:

- H_1: Monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives simultaneously have significant impact on employees' motivation.
- H_2: Monetary incentives have significant impact on employees' motivation.
- H_3: Tangible non-monetary incentives have significant impact on employees' motivation.
- H_4: Intangible non-monetary incentives have significant impact on employees' motivation.

RESEARCH METHOD

This research will apply an explanatory study which uses theories or hypotheses testing to explain the reasons behind why a certain phenomenon occurs, such as why X1 and X2 variables affect Y differently in terms of significance (Cooper and Schindler, 2011). Data collection will be conducted through distributing questionnaires to employees in PT XYZ's Finance function. Afterwards, the interaction of each variable and between variables towards employees' motivation will be analyzed using multiple linear regression.

The dependent variable in this research is the motivation of employees in PT XYZ's Finance function. Employees' motivation can be represented by several characteristic shown by employees such as enjoyment in doing daily tasks with the best effort, nice feeling when coming to work, passion with the job, full effort into work and responsibility, determination and confidence in accomplishing work goals. There are three independent variables in this research which are monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives which are provided by PT XYZ. Monetary incentives consist of salary, allowance, bonus, life insurance, medical beneifts, and JAMSOSTEK. Tangible non-monetary incentives consist of free lunches, free beverages, awards, and knick knacks. Intangible non-monetary incentives consist of informal recognition friendly greetings, performance feedback, more responsibility, meaningful work, job rotation, and training.

In this research there are three types of data used, which are nominal, ordinal, and interval scales. Nominal and ordinal scales are used for classification questions, which are defined by Cooper and Schindler (2011) as questions which "cover sociological-demographic variables that allow participants' answers to be grouped so that patterns are revealed and can be studied" (p. 274 & 276). The rating scales used for the classifications questions are simple category scale, as well as multiple-choice and single-response scales. There are only two mutually exclusive response choices in simple category scale, while in multiple-choice and single-response scales there are multiple options available but respondents are only required to choose one answer (Cooper & Schindler, 2011). There are five classification questions in questionnaire which discuss gender, group of age, highest level of education, position level, and group of work tenure.

As for target questions, the rating scale used is Likert scale. Target questions are set of questions which "addresses the investigative questions of specific study" (Cooper & Schindler, 2011, p. 325). In this research, the target questions serve as a set of indicators representing the

variables used which are monetary incentives, non-monetary incentives, and employees' motivation. To accommodate the target questions, Likert scale will be used as it is easy to construct and it is easy for the respondent to understand (Maholtra & Peterson, 2006).

This research utilizes both primary and secondary data. The primary data will be originated from the personally administered questionnaire distributed among employees in PT XYZ's Finance function The primary data will be analyzed to understand the impact of monetary and non-monetary incentives towards employees' motivation in PT XYZ's Finance function. The secondary data are originated from research papers, journals, articles, and books. The secondary data gathered are required to support the theoretical background and research methodology.

The sampling method for this particular research is simple random sampling, where every employee in PT XYZ Finance function has a known and equal chance of being selected as a subject. This research utilizes Slovin's formula to determine the minimum sample size (in Siregar, 2013):

$$n = \frac{N}{1+Ne^2}$$

Slovin's formula derives the appropriate minimum sample size by considering the total number of population targeted for the research. The population in this research is all of PT XYZ's employees working in the Finance function which are amounted to 128 employees. By using the Slovin's formula, the minimum sample size required is 97 people.

Data collected from the questionnaire will be tested for validity as well as reliability. The criteria for a variable's data to be valid is that the value of r-data (as seen in the Cronbach Alpha output from SPSS Statistical Software under Correlated Item-Total Correlation column) must be greater than the value of r-table with the degree of freedom (df) = n – 2 (n is number of sample). As this condition is met, the variable's data passes the validity test and is said to have construct validity. Construct validity aims to identify the fundamental construct measured and determine how well the test represents it (Cooper and Schindler, 2011). Reliability test is measured using one shot measure, where a variable is said to be reliable as the Cronbach Alpha is greater than 0.70, closer to the point of 1.00 (Nunnally in Ghozali, 2011).

The two main statistical methods utilized are descriptive statistic which is used to explain the profile of survey respondents. and multiple linear regression. For multiple linear regression analysis, there are several underlying assumptions which need to be fulfilled, which are normality, autocorrelation, linearity, multicollinearity, and heteroscedasticity.

Normality test has the purpose to examine whether the residuals in a regression model are normally distributed (Ghozali, 2011). Normality test can be conducted either through graphical analysis or statistical test, but to ensure the validity of the test, it is advised that graphical analysis and statistical test are both conducted (Ghozali, 2011). Ghozali (2011) suggests that the simplest way to examine residuals' normality is by examining histogram which compares between observed data with the distribution close to normal distribution. To test normality statistically, skewness and kurtosis values are taken into account. According to Ghozali (2011), the z statistics for skewness and kurtosis must be calculated to determine whether the residuals are normally distributed. For the significance level of 0.05, the residuals of model are normally distributed if the z-value is between -1.96 and +1.96.

Autocorrelation test is conducted to check whether there is correlation between the residual in a particular period (period t) and the residual in the preceding period (t-1). In this research, Durbin-Watson test will be used to check the existence of autocorrelation. It is said that the there is no autocorrelation in the regression model if the Durbin-Watson value (dm) is higher than the upper limit (du) and lower than 4 - the upper limit (du).

Multicollinearity test is conducted to check whether there is high inter-correlation among the independent variables. The correlation matrix of independent variables is analyzed for multicollinearity test. If there is high correlation among independent variables (above 0.9), then this condition indicates that multicollinearity exists in the multiple regression model. In addition, the tolerance value and VIF (Variance Inflation Factor) is also analyzed. If the values of tolerance ≤ 0.1 or VIF ≥ 10, then it indicates that multicollinearity exists in the regression model.

Heteroscedasticity test is conducted to check whether the variance of residuals among separate observations are different (Ghozali, 2011). There are several analyses which can be used to detect the existence of heterocedasticity (Ghozali, 2011). First analyses is to plot the scatterplot graph which consists of regression studentized residual (SRESID) in Y axis and regression standardized predicted value (ZPRED) in X axis. Homoscedasticity exists if there is no clear specific patterns formed and the plots on the graph are scattered above and below the zero point in Y axis. Second analyses is to conduct Park test which defines the variance (s2) as a function of independent variables. Heteroscedasticity exists if the parameter coefficients of independent variables in regression model resulted from Park test are statistically significant (P-value ≤ 0.05).

When the four classical assumptions are fulfilled, then the results of multiple regression analysis is said to be reliable. Multiple regression is used to predict a dependent variable from a combination of several independent variables (Morgan, 2004). A standard multiple regression, which is commonly used, enables researcher to analyze how much variance in a dependent variables that can be explained by the particular set of independent variables. Multiple regression also allows researchers to understand which of the independent variables is the best predictor of certain outcome represented by the dependent variables (Pallant, 2005). The multiple regression analysis will be used to analyze how well monetary and non-monetary incentives (consisted of tangible and intangible non-monetary incentives) affecting the employees motivation as well as to understand which type of incentives is the best predictor of employees motivation. The accuracy of

multiple linear regression function in predicting the outcome or dependent variables can be measured by the goodness of fit. Statistically, goodness of fit can be determined by examining the adjusted R2, F-Test, and T-Test (Ghozali, 2011; Cooper & Schindler, 2011).

Adjusted R^2 is used to determine how much variance in dependent variable that can be explained by independent variables included in the multiple regression model (Field, 2005), F-Test is used to determine whether all independent variables included in the multiple linear regression model simultaneously have significant influence towards the dependent variable (Ghozali, 2011), and T-test is used to determine whether each of the independent variable included in the multiple regression model individually has significant influence towards the dependent variable (Ghozali, 2011).

RESULTS AND DISCUSSION

As part of data justification, data collected from the questionnaire are tested for validity as well as reliability.

The criteria for a variable's data to be valid is that the value of r-data (as seen in the Cronbach Alpha output from SPSS Statistics Software under Corrected Item-Total Correlation column) must be greater than the value of r-table with the degree of freedom (df) = n – 2 (n is number of sample). With df of 102 – 2 = 100 and α (significance level) = 5%, the value of r-table (two-tailed test) to be compared is 0.195. To test the reliability of the variable, this research uses one shot measure, where a variable is said to be reliable as the Cronbach Alpha is greater than 0.70, closer to the point of 1.00 (Nunnally in Ghozali, 2011). The results show that the data collected have passed the validity and reliability tests, as shown in Table 1 - Table 4 below.

Table 1. Item-Total Statistics and Reliability Statistics of Motivation

	Corrected Item-Total Correlation	Cronbach's Alpha	N of Items
M1	,589	,850	9
M2	,662		
M3	,572		
M4	,548		
M5	,590		
M6	,495		
M7	,575		
M8	,548		
M9	,633		

Table 2. Item-Total Statistics and Reliability Statistics of Monetary Incentives

	Corrected Item-Total Correlation	Cronbach's Alpha	N of Items
MI10	,675	,858	9
MI11	,657		
MI12	,617		
MI13	,641		
MI14	,790		
MI15	,606		
MI16	,383		
MI17	,549		
MI18	,552		

Table 3. Item-Total Statistics and Reliability Statistics of Tangible Non-monetary Incentives

	Corrected Item-Total Correlation	Cronbach's Alpha	N of Items
TNMI19	,628	,710	4
TNMI20	,541		
TNMI21	,522		
TNMI22	,337		

Table 4. Item-Total Statistics and Reliability Statistics of Intangible Non-monetary Incentives

	Corrected Item-Total Correlation	Cronbach's Alpha	N of Items
INMI23	,446	,854	8
INMI24	,475		
INMI25	,513		
INMI26	,658		
INMI27	,668		
INMI28	,642		
INMI29	,647		
INMI30	,737		

Table 5 represents the motivation of employee's in PT XYZ's Finance function. The respondents agree that they are highly motivated to work for the company in general, as the mean of overall motivation is up to 4.960. Furthermore, they agree that they strive hard to be successful with the work and feel

determined to achieve work goals as well, as the individual means are 5.088 are 5.157 respectively.

Table 5. Mean of Employee's Motivation

Motivation	Mean
Enjoyment in doing daily tasks	4,745
Nice feeling when coming to work	4,833
Passion with the job	4,755
Best effort in doing daily task	4,971
Striving hard to be successful with the work	5,088
Full effort in fulfilling responsibility	5,000
Determination to achieve work goals	5,157
Confidence to achieve work goals	5,069
Motivation to work for the company in general	5,020
Mean of Motivation	4,960

The kurtosis and skewness values are -0.229 and -0.290 respectively. The values are then computed to produce z values:

$$ZSkewness = \frac{Skewness}{\sqrt{\frac{6}{N}}} = \frac{-0.229}{\sqrt{\frac{6}{102}}} = -0.944$$

$$ZKurtosis = \frac{Kurtosis}{\sqrt{\frac{24}{N}}} = \frac{-0.290}{\sqrt{\frac{24}{102}}} = -0.598$$

As shown above, ZSkewness and ZKurtosis values are in the range of accepted values between -1.96 and +1.96. The statistical test results are aligned with the graphical analysis and it can be concluded that the residuals in regression model are normally distributed.

Durbin-Watson test is used to check the existence of autocorrelation in the model. From Durbin-Watson table, The upper limit (du) is 1.736 and the lower limit (dl) is 1.613 which are determined based on 5% significance level, three independent variables (k=3), and sample size of one hundred (n=100). The Durbin-Watson value of the model (dm) is 2.071, which is higher than 1.736 (du) and lower than 2.264 (4-du) thus it can be concluded that there is no autocorrelation between the residuals in the regression model.

Table 6 shows that none of the values of Pearson's correlation is higher than 0.9. The maximum correlations value is 0.647, which is between tangible non-monetary incentives and intangible non-monetary incentives variables.

Table 6. Correlation Matrix of Independent Variables

Parson Correlation	AvgM	AvgMI	AvgTNMI	AvgINMI
AvgM	1,000	,425	,370	,639
AvgMI	,425	1,000	,607	,491
AvgTNMI	,370	,607	1,000	,647
AvgINMI	,639	,491	,647	1,000

Table 7 shows that none of the VIF values of each independent variables is equal to/higher than 10 and none of the tolerance values of each independent variables is equal to/lower than 0.1. These results indicate that multicollinearity does not exist in the regression model.

Table 7. Coefficient Matrix of Independent Variables

Model	Collinearity Statistics	
	Tolerance	VIF
AvgMI	,615	1,625
AvgTNMI	,472	2,120
AvgINMI	,566	1,766

Table 8 shows the coefficient matrix of independent variables resulted from Park test, and it shows that none of the parameter coefficients of independent variables in regression model are statistically significant (P-value/Sig. > 0.05). Based on the analyses of scatterplot graph and Park test, the null hypothesis is failed to be rejected and it can be concluded that there is no heterocedasticity among the residuals in the regression model.

Table 8. Park Test's Coefficient Matrix of Independent Variables

Model	Sig.
(Constant)	,801
AvgMI	,843
AvgTNMI	,497
AvgINMI	,877

Table 9 shows the model summary of multiple regression analysis. Adjusted R^2 of 0.423 means that 42.3% of the variance in employees' motivation can be explained by the regression model which includes monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives

Table 9. Model Summary

Model	Adjusted R Square
1	,423

Table 10 that the value of significance is 0.000 which is lower than the significance of 0.05. Thus, it can be concluded that monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives simultaneously have significant impact on the employees' motivation.

Table 10. ANOVA Table

Model	Sig.
Regression	,000[a]

a. Predictors: (Constant), AvgINMI, AvgMI, AvgTNMI

Table 11 explains that the significance level for monetary incentives is 0.028, which is lower than the significance level of 0.05. Thus it can be concluded that monetary incentives, individually, have significant impact on employees' motivation. The standardized coefficients of 0.215 means that 1 standard deviation increase in monetary incentives will increase employees' motivation by 0.215 raw unit.The significance level for tangible non-monetary incentives is 0.102, which is higher than the significance level of 0.05. Thus it can be concluded that tangible non-monetary incentives, individually, does not have significant impact on employees' motivation. The standardized coefficients of -0.182 means that tangible non-monetary incentives are not statistically significant in influencing employees' motivation.

The significance level for intangible non-monetary incentives is 0.000, which is lower than the significance level of 0.05. Thus it can be concluded that intangible non-monetary incentives, individually, have significant impact on employees' motivation. The standardized coefficients of 0.651 means that 1 unit increase in monetary incentives will increase employees' motivation by 0.651 raw unit.

Table 11. Coefficient Matrix of Independent Variables

Model	Standardized Coeffcients	Sig.
	Beta	
AvgMI	,215	,028
AvgTNMI	-,182	,102
AvgINMI	,651	,000

Based on the results of multiple regression analysis, only H_3 cannot be confirmed as the T-test shows that tangible non-monetary incentives does not have significant impact on employees' motivation. Among the predictors (independent variables), intangible non-monetary incentives have the most significant impact on employees' motivation.

As shown in Table 10, the significance of the model is 0.000. H_1 is confirmed because the significance of the model is lower than 0.05 hence It can be concluded that there is enough evidence to support H_1 which states that monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives simultaneously have significant impact on employees' motivation. This result is in accordance with Condly et al. (2003), whose research suggests that incentives have significant impact on employees' motivation and performance. Adjusted R_2 of 0.423 (Table 9) means that 42.3% of the variance in employees' motivation can be explained by the regression model which includes monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives. 57.7% of the variance in employees' motivation are explained by other factors aside from incentives.

As shown in Table 11, the significance level of the monetary incentives (AvgMI) is 0.028. H_2 is confirmed because the significance level of the monetary incentives is lower than 0.05. It can be concluded that there is enough evidence to support the H_2 which states that monetary incentives have significant impact on employees' motivation. Standardized coefficients of monetary incentives is 0.215, which means that monetary incentives positively affect employees' motivation. This result is in accordance with Ali (2012), whose study suggests that financial rewards have positive significant impact on employees' motivation.

This result is expected to occur as PT XYZ has been renowned for providing moderately high monetary incentives to their employees. Monetary incentives provided by PT XYZ is said to be one of the highest among other companies in the same industry. In conclusion, monetary incentives utilized by PT XYZ is statistically significant in influencing employees' motivation.

As shown in Table 11, the significance level of the tangible non-monetary incentives (AvgTNMI) is 0.102. H_3 cannot be confirmed because the significance level of tangible non-monetary incentives is higher than 0.05. It can be concluded that there is not enough evidence to support H_3 which states that tangible non-monetary incentives have significant impact on employees' motivation. Thus, the standardized coefficients of -0.182 means that tangible non-monetary incentives are not statistically significant to influence employees' motivation.

The underlying reason for this result is believed due to the fact that PT XYZ does not provide enough high perceived value tangible non-monetary incentives. Tangible non-monetary incentives is

effective as their perceived values are ambiguous when emotional evaluation is involved (Jeffrey, 2002). Knick-knacks and free lunches and beverages might be perceived low in values. Free lunch and beverages in PT XYZ are provided every day as a part of the benefits for the employees. As they are constantly provided, employees might have the tendency to mentally accept free lunches and beverages as part of the benefits they will get regardless their performance thus reducing their perceived values. Awards might be the only form of tangible non-monetary incentives provided by PT XYZ whose perceived value can be effective in motivating employees. Another high perceived value tangible non-monetary incentives such as paid vacation has never been included in PT XYZ's incentive program. All of these reasons can contribute to the result of statistically insignificant effect of tangible non-monetary incentives towards employees' motivation.

As shown in Table 11, the significance of intangible non-monetary incentives (AvgINMI) is 0.000. H_4 is confirmed because significance of the intangible non-monetary incentives is lower than 0.05. It can be concluded that there is enough evidence to support H_4 which states that intangible non-monetary incentives have significant impact on employees' motivation. The standardized coefficients of 0.651 means that intangible non-monetary incentives positively affect employees' motivation. This result reconfirms the studies conducted by Nelson (2001) and Dewhurst (2009) from McKinsey Quarterly study which suggest that there are strong positive link between non-monetary incentives and employees' motivation.

The result indicates that non-monetary incentives utilized by PT XYZ have helped the company in motivating their employees. Among the indicators representing the intangible non-monetary incentives, there are two variables which have mean higher than 5 (Table 12). They are the supervisor's/manager's performance feedback and encouragement to develop new skill. It appears that performance feedback is done regularly in PT XYZ which enables employees to understand what areas they're lacking of in their work, thus motivate them to improve. Employees are also encouraged to develop new skills in PT XYZ and continuous improvement has become a part of their working culture. This is in accordance with Mckinsey Quarterly study (2009) which revealed that one of the most effective non-monetary incentives is leadership attention, which can be in the form of performance feedback and encouragement towards employees.

Table 12. The Mean of Intangible Non-monetary Incentives Indicator

Intangible Non-monetary Incentives	Mean
Verbal Recognition or Praise	4,6078
Friendly Greetings	4,9216
Performance Feedback	5,0294
More Responsibilities	4,8039
Meaningful Work	4,8922
Chance for Job Rotation	4,7549
Encouragement to Develop New Skill	5,1275
Opportunities for Training	4,8922

This section purpose is to analyze which of the independent variables (predictors) has the most significant influence on employees' motivation by comparing the significance level and unstandardized coefficients for each independent variables (see Table 11). Among the independent variables, intangible non-monetary incentives are statiscally significant and have the highest standardized coefficients. Intangible non-monetary incentives' significance level is 0.000, which is lower than the significance of monetary incentives (0.028) and tangible non-monetary incentives (0.102). The standardized coefficients of intangible non-monetary incentives (0.651) is higher than monetary incentives' (0.215). This result shows that intangible non-monetary incentives have the most significant influence on employees' motivation. Mckinsey Quarterly study (2009) also produces the same results, where they revealed that non-monetary incentives are no less than/even more effective motivators than monetary incentives.

CONCLUSION

The research study conducted in PT XYZ's Finance function used simple random sampling method. The data were analyzed using Multiple Linear Regression method. The result shows that incentives, which consist of monetary incentives and non-monetary incentives (which are categorized further into tangible non-monetary incentives and intangible non-monetary incentives) simultaneously have significant impact on employees' motivation. Among those factors, intangible non-monetary incentives such as verbal recognition/praise, friendly greetings, performance feedback, more responsibility, meaningful work, chance for job rotation, encouragement to develop new skill, and opportunities for training have the most influence on employees' motivation, as shown by its significance level and coefficients when compared to the other independent variables. This research has successfully achieved its objectives, which are to analyze the impact of monetary and non-monetary incentives towards employees' motivation

and to identify which type of incentives has the most influential impact on employees' motivation.

There are several limitations within this research:

- Limited Coverage of Research in PT XYZ
  The research is conducted only in one of PT XYZ's business functions, thus the results of this research might only represent the condition in Finance function instead of PT XYZ as a whole.
- Limited Generalizability
  The research is conducted specifically for a particular company which is PT. XYZ. The research shows only the condition of PT XYZ, thus the results cannot be generalized to represent Indonesian employees' characteristics.
- Limited Number of Independent Variables
  The research conducted only incorporates incentives which consist of monetary incentives, tangible non-monetary incentives, and intangible non-monetary incentives as independent variables affecting employees motivation. These independent variables can only explain up to 42.3% of the variability in employees' motivation. Additional factor from Steers and Porter (1987) such as work environement, individual characteristic, and job characteristic (in Soebijono et al., 2012) can be added to better explain the variability of employees' motivation.

There are several limitations within this research:

- Expand the Coverage of Research in PT XYZ
  This research is conducted in the Finance function of PT XYZ. Future research can cover more functions and departments to better represent PT XYZ's condition.
- Broaden the Scope of the Research
  The scope can be broadened to industrial level which purpose is to analyze employees' motivation in a certain industry by collecting data from companies in the same industry. Future research can also be broadened in terms of area covered, for instance research conducted represents the condition of employees in East Java.
- Increase the Number of Independent Variables
  Future research can include more independent variables to better explain the variance change in employees' motivation. In this research, incentives which consist of monetary incentives, tangible non-monetary incentives, and intangible non-monetayr incentives can only explain up to 42.3% of the variance in employees' motivation. By adding more independent variables based on established theories, future research might be able to better explain the variance change in employees' motivation, which is indicated by high number of adjusted R^2.

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