



ANALYSIS OF INCENTIVES AND THEIR EFFECTS ON EMPLOYEE WORK PRODUCTIVITY AT PT. "X"

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ABSTRACT

The organization or company has abundant resources, raw materials, capital, and technology. Still, if its human resources do not support it, its previously planned goals are difficult to achieve. The provision of incentives in the company is good and on time, so that employee work productivity is getting better. In addition to providing incentive wages, another factor that affects productivity is years of service.

This quantitative research aims to measure/know the effect of providing incentives on employee productivity. This research method is useful for giving direction to researchers. It will guide researchers on how the research sequence will carry out and explain the stages related to the scope of research, population and samples, data and data sources, and data analysis methods.

Based on the results of the analysis above, it can conclude that incentives have a significant effect on the work productivity of employees in the production division of PT. X. Partially, incentives have a considerable impact on employee work productivity because they have an t_{count} value that is greater than the t_{table} value ($2.816 > 2.01$). Meanwhile, simultaneously incentives also affect work productivity because it has a calculated F value greater than the F_{table} value ($7.932 > 4.04$).

Keywords: Giving Incentives, Employee Productivity, and Performance

INTRODUCTION

Human resources play a very important role in every company, both individually and as a group. In their hands, this is the continuity of the company's activities. Even if the organization or company has abundant resources, raw materials, capital, and technology, its human resources do not support it, so its previously planned goals are difficult to achieve. They are one of the factors of production that are the main drivers of the production process, especially at this time the business world has developed rapidly, marked by the increasing number of new companies being established, resulting in increasingly fierce competition between companies.

For the company's goals to be achieved optimally, the company is required to maintain the enthusiasm and passion of its employees. Besides, it always encourages them to work well to increase their productivity. Every company always wants to get maximum profits and the implementation of the production process without obstacles, especially the competition that makes them always have to pay attention to the effectiveness and efficiency of the work of employees and try to utilize the resources they have as efficiently as possible so that the company's goals can achieve. Because employees are very important assets for the company, it is a motivational boost to employees to use appropriately. (Heidjrachman, 2012:66).

A person's productivity in a work environment is strongly influenced by material and non-material. Material causes, for example, relate to the determination of wages, proper treatment from the company, and the facilities provided by the company. Of the various factors

above, the most dominant influence on productivity is wages or remuneration. Because wages are the dominant factor affecting a person's productivity, companies need to establish a policy on wages to increase the quality and quantity of their production. (Simanjuntak, 2017:96).

One of the policies implemented by the company to increase productivity is the provision of incentive wages. The provision of incentive wages is intended so that later it will be useful to encourage employee morale in carrying out work better so that it is expected that company productivity will increase. In addition to boosting work morale by providing incentive wages to employees, it is hoped that they will also get job satisfaction because job satisfaction from employees will also support all activities carried out by the company.

So far, the provision of incentives in the company has been good and on time, so that employee work productivity is getting better. In addition to providing incentive wages, another factor that affects productivity is years of service. Harmoniously, the relationship between employers and employees is reflected in whether or not the employee feels at home working in the company. The longer a person works in a certain scope, the more skilled he will be in his field. This skill will later affect the quality and quantity of one's production, so it is hoped that the longer the employee's working period will increase their productivity. (Flippo, 2013:27).

This research aims to measure/know the effect of incentives on employee productivity.

Incentive

The company will provide an award for employees who perform well. This award will make employees work and possible to receive greater prizes and rewards and other benefits that the company has provided. The right form of payment and compensation for employees' work will result in the achievement of higher productivity, and it includes the right incentive system and other efforts to increase morale and job satisfaction for employees.

Individual goals in each organization influence determining whether or not the desired results are achieved by the organization concerned. When personal goals in an organization receive proper attention, the more directed and effective the individual's activities are to realize the organization's or company's purposes. That's why every leader aware of their responsibilities must also be mindful of this fact. This activity because whether or not he succeeds in achieving results through his subordinates also depends on the size of the attention he gives to realize the needs of his associates. This study is why Allen (Manullang, 2014:128) states that a manager's effectiveness to a large extent depends on his ability to help the needs of the members of the group he leads. To the extent that those he supervises feel that he is helping them to achieve this, they will obey him in good faith and with joy."

This extent is the incentive for employees to want to work with all their efforts in a company. So the thing that encourages people to want to work as well as possible in an organization's relationship depends on how high the level of realization of individual goals in the organization concerned is.

According to Harsono (1983:128), incentives are any compensation system where the amount is given on the results achieved, which means offering an incentive to workers to achieve better results. Meanwhile, according to Heidjrachman and Hunan (2012:161), incentive wages are intended to provide different wages or salaries. So two employees who have the same position can receive other wages due to other work performance.

So basically, incentives are a form of compensation given to employees whose amount depends on the results achieved, both financial and non-financial. This compensation is intended to encourage employees to work harder and better so that performance can increase, which in the end, can achieve the company's goals. The main purpose of providing incentives to employees is to motivate them to work better and be able to show good performance.

Kinds of incentives

According Hasibuan (1997:73) distinguishes incentives into three, namely:

- 1) Non-material incentives

Namely, the value is immeasurable because of incentives given to employees in the form of awards or confirmations based on their work performance, such as certificates, trophies, medals, etc.

2) Social Incentive

They were namely giving incentives to employees based on their work performance in the form of facilities and opportunities to develop their abilities, such as promotions, attending education, going on pilgrimages, etc.

3) Incentive materials

That is the incentive given to employees based on their work performance, in money or goods.

Incentive Wage Method

In providing incentives, companies must pay attention to the condition of the company and employees because the right selection of incentives will determine the company's success. In the industrial world, Numerous incentive systems exist usually used and given to production employees, namely: (Heidjrahman and Husnan, 2012:162)

1. Incentives based on units generated

- a. Straight Piecework Plan; This system is the most widely used. In this case, the work is paid based on all the products produced multiplied by the piece rate.
- b. Taylor Piecework Plan: This system determines different rates for employees who work above and below the average output. Employees who succeed in achieving or exceeding the intermediate production will receive a higher piece-rate wage than those who work below the average.
- c. Group Piecework Plans; In this case, calculating wages is to determine a standard for the group. Those above the group standard will be paid the number of units produced multiplied by the rate per unit. Meanwhile, those who work below the average will receive the hours worked multiplied by the work rate.

2. Time-Based Incentive

- a. Premiums are based on time saved.
- b. Premium is based on working time.
- c. Premiums are based on standard time.

Productivity

Productivity is the number of results achieved by a worker or other factors of production in a certain time. To be able to know more clearly about employee productivity. Such a view of life and mental attitude will encourage people not to be satisfied quickly to continue to develop themselves and improve their work abilities. For the definition of work, productivity is a comparison between the results achieved (output) with the overall resources (inputs) used per unit of time.

Increased productivity can realize in four forms (Payaman J. Simanjuntak, 2005:15), namely: 1) Can obtain the same amount of production by using fewer resources; and, 2) Larger production volumes can be achieved using fewer resources; and, 3) Larger production volumes can be achieved using the same resources; and, 4) A much larger amount of production is obtained with a relatively smaller increase in resources.

So it can conclude that productivity is the ratio between output and input, where the higher the ratio, the higher the level of productivity. In the production process, labor is a very decisive factor among other production factors as a whole. Work productivity of employees is often very dependent on the level of incentives provided by the company because with the provision of higher or greater incentives, workers can increase their work productivity to work harder and harder.

Factors Affecting Productivity

Input resources can consist of several factors of production such as land, buildings, equipment, machinery, equipment, raw materials, and human resources themselves. In this case, increasing human productivity is a strategic goal because the increase in productivity from other factors is highly dependent on the ability of the human workforce to utilize it. According to Payam J. Simanjuntak (2005:17), factors that affect productivity can be classified into three groups: Quality and physical ability of employees, supporting facilities, and facilities.

The company's activities are always influenced by what happens outside, such as the production factors to be used, marketing prospects, taxation, licensing, the environment, and others. Government policies in export-import, restrictions, and supervision also affect the scope of movement of company leaders and the course of activities in the company.

Among the elements contained in the factors that affect productivity that is directly related to labor productivity are the quality and ability of the workforce and indirectly are supporting facilities and super facilities. Management's ability to use resources optimally and create an optimal work system will determine the level of employee productivity. The role of leadership is very strategic for increasing productivity, namely by combining and utilizing all production facilities, implementing management functions, creating work systems and division of labor, placing people in the right places, and creating safe and comfortable working conditions and environments.

METHOD

Research methods

This research method is useful for providing direction to researchers. It will guide researchers on how the sequence of research will carry out and explain the stages related to the scope of research, population and samples, data and data sources, and data analysis methods.

Types of research

The research model used is the explanatory model, namely the explanatory research model. Descriptive research highlights the relationship between research variables by testing the hypotheses that have been formulated. Singarimbun and Effendi (2008:05).

Population and Sample

According to Singarimbun and Effendi (2008:152), "Population is the total number of units of analysis whose characteristics will be predicted ."In this study, the population taken were employees of PT. "X" is the production section of 50 employees.

A sample is part of an overall population that is carefully selected to represent that population. According to Soeratno and Arsyad (2003:129), "The sample is the part that becomes the real object of a study ."In taking the sample time, cost and effort need to be considered, so there is no need to study all population members.

While the sample size that can take to obtain representative data is usually approximately 10% of the population, some researchers state that the minimum sample size is 5% of the number of elementary units of the people. If the sample is less than 100, then the people become a sample or is called a population study. (Singarimbun and Effendi, 2008:150). Based on the opinion above, the sample size used based on precision, effort, and the cost is all taken in this study, namely 50 employees.

Types and Techniques of Data Collection

The data used in this research are primary and secondary. The data collection techniques used in this study are:

1. An interview → is a data collection technique that involves conducting an interview or a question-and-answer session with company leaders or authorized employees.
2. An observation → is data that requires careful attention. In this study, the author directly observes the object's target of research.

3. Documentation → by studying or using records related to the problem under study at the company concerned.
4. Questionnaire → a set of questions compiled by researchers to be filled out by respondents in written questions. In this study, the questionnaire was conducted securely, namely by providing possible answers that already exist, where the measurement uses a score value. Meanwhile, to measure the variables in this study used a tool, namely the Likert Scale. In this Likert Scale, some questions are arranged with the respondent's answers on a continuum and given a weighted value between one to five.

Research variable

A variable is something that has a variety of values. While the variables to be examined in this study are: (Singarimbun and Effendi, 2008:33)

- a. Independent variable. It is a variable that occurs first in terms of time or causes estimated. The independent variables used in this study are incentives, namely the number of incentives received by employees per month.
- b. Dependent variable. A variable that occurs later, or the result is expected, in this case, is work productivity, where the indicators used are the amount of employee income (wages + incentives) and the quantity of production.

Furthermore, to investigate empirically, a concept must convert into a variable. Singarimbun and Effendi (2008) state: "For concepts to be empirically investigated, they must be operationalize by turning them into variables, which means something that has a variety of values."

RESULT AND DISCUSSION

Research Data Results

1. Validity test

A questionnaire is said to be valid (legitimate) if the questions can reveal what the questionnaire will measure. The minimum requirement that is considered eligible is if $r = 0.3$. Thus, if the correlation between the items and the total score is less than 0.3, then the questions in the instrument are declared invalid. Sugiono (2001: 124).

From the results of the analysis, it can seem that all question items are valid because the value of $r > 0.3$, for more details, can be seen in the table as follows:

Table 1. Incentive Variable Validity Test

No	Items	r count	r table	Criteria
1	X _{1.1}	0,309	0,3	Valid
2	X _{1.2}	0,468	0,3	Valid
3	X _{1.3}	0,518	0,3	Valid
4	X _{1.4}	0,518	0,3	Valid

Table 2. Validity Test of Work Productivity Variables

No	Items	r count	r table	Criteria
1	Y _{1.1}	0,310	0,3	Valid
2	Y _{1.2}	0,481	0,3	Valid
3	Y _{1.3}	0,513	0,3	Valid

2. Reliability Test

Reliability is an index that shows the extent to which a measuring instrument can be trusted or reliable as a data collection tool (Arikunto, 2017:170). A dedicated device must have a coefficient value of \geq of the comparative alpha coefficient value. The analysis results

show that all variables are reliable because of the value of the coefficient \geq of alpha coefficient value. More details can be seen in the following table:

Table 3 Reliability Test

No	Items	Alpha	r table	Criteria
1	X	0,659	0,33	Reliable
2	Y	0,620	0,33	Reliable

3. Simple Linear Regression Test

Table 4 Summary of Simple Linear Regression Output

Independent variable	Regression coefficient	Probability
Incentive	0,374	0,007
constant	5,125	
F Count	7,932	
R Square	0,769	
F table	4,04	
Dependent variable = Work productivity		

Source: primary data processed

From the table above, the regression equation can be written as follows:

$$Y = 5.125 + 0.374 X_1$$

- The constant of 5.125 means that work productivity will be constant at 5.125% if the incentive variable does not influence it.
- B 0.374 means that the incentive variable affects work productivity by 37.4% or has a positive effect, which means that if the incentive is increased by 1%, work productivity will increase by 37.4%. On the other hand, if incentives are reduced by only 1%, work productivity will decrease by 37.4%.

4. Determination Test

The R number of 0.877 indicates that the correlation between the dependent variable (work productivity) and the independent variable (incentives) is strong. The adjusted R square number of 0.769 means that the independent variable (motivation) can explain the dependent variable (work productivity) of 76.9%, and 23.1% of the work productivity variable is explained by variables other than incentives.

5. F Uji test

A simultaneous test is a statistical test tool simultaneously to determine the effect of independent variables on the dependent variable together. The steps are as follows:

a. Hypothesis formulation

Ho = The incentive variable simultaneously has no effect on work productivity.

Ha = Incentive variables simultaneously affect work productivity.

b. Table F value

$$\begin{aligned} \text{F Table} &= F_{\alpha ; \text{numerator}; \text{denominator}} \\ &= F_{0.05; k-1; nk} \\ &= F_{0.05; 2-1; 50-2} \\ &= F_{0.05; 1; 48} \\ &= 4,04 \end{aligned}$$

c. Test Criteria

Ho is accepted If $F_{\text{count}} < F_{\text{table}}$ and probability value > 0.05

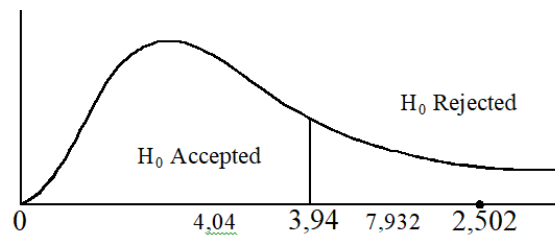
Ho is rejected if $F_{\text{count}} > F_{\text{table}}$ and probability value < 0.05

d. Calculated F value and probability

The calculated F value is 7.932 and the probability value is 0.007

e. Conclusion

$F_{\text{count}} (7.932) > F_{\text{table}} (4.04)$ and probability $(0.007) < 0.05$



So the incentive variable simultaneously affects work productivity.

Discussion

A positive regression coefficient value can be interpreted as an independent variable having a positive influence on work productivity. If incentives are increased, work productivity will increase by increasing work productivity and vice versa. The value of Adjust R Square determinant is 0.769, meaning that the independent variable (incentive) can explain the dependent variable (work productivity) of 76.9%, and 23.1% of the work productivity variable is explained by variables other than incentives.

The fact that the t-count value exceeds the t-table indicates that the independent variable (incentive) affects the dependent variable (work productivity). The value of Fcount, which is also greater than the F_{table} , shows that the incentive variable simultaneously affects work productivity. These variables agree with Sarwoto's (1983: 144) opinion that incentive as a motivational tool can be limited in number or intentionally given to employees to increase their enthusiasm for organizational success.

From the results of the analysis, it can explain that the provision of incentives is a fairly important factor and must be considered by the company so that the company can maintain the quality and quantity of its production, especially for employees who use

Piece rate system. The provision of incentives is necessary because it can motivate employees to work better and harder. In addition, the results of the analysis also illustrate the theory of incentive wages where the more effective the company provides incentives to its employees, and the more incentives will arise for employees to work better and achieve. By working harder and better, productivity will increase, and ultimately, the company's goals can achieve. Employee's work productivity of employees is often very dependent on the level of incentives provided by the company because with the provision of higher or greater incentives, and workers can increase their work productivity to work harder and harder. In other words, the specified incentives and additional fees should be paid when the work is completed without any delay or deduction.

CONCLUSION

From the results of research and discussion, it can conclude that incentives have a significant influence on the work productivity of employees in the production division of PT. "X." Partially, incentives have a significant effect on employee work productivity because they have at-value greater than the t-value table ($2.816 > 2.01$). Meanwhile, simultaneously incentives also affect work productivity because it has a calculated F value greater than the F_{table} value ($7.932 > 4.04$).

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