

# Effect of Incentives and Motivation on Employee Performance in Pt. Sinar Asia Medan

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## ABSTRACT

To improve the performance of company employees, it is also necessary to increase the ability to work through increased education, both formal education and training planned by the company for employees.

Employees who have good potential value can come from within the company and from outside the company so that employee performance can be maintained in the future.

Partially it can be explained that the effect of the incentive variable (X1) on performance (Y) is 23.60% and it is still influenced by the motivation factor (X2) and other factors not included in this study called the epsilon factor ( $\epsilon$ ).

Partially it can also be explained that the motivation variable (X2) has an influence on the performance variable (Y) by 5.44% and there are still other variables not included in this study besides the incentive variable (X1).

Based on the results of data analysis, it can be explained that the effect of the incentive variable (X1) and the motivation variable (X2) simultaneously or together can be explained as having an effect of 36.61% which can be seen from the magnitude of F. count of 3.661.

**KEYWORDS:** *Incentives, Motivation and Performance*

## 1. Background

At the start of a business activity by someone, it is in his heart that the business will provide good opportunities for him because it will be able to contribute to his business activities for the future and can enlarge the business to various places.

Planning needs to be carried out and evaluated regularly by company leaders to see what plans will be carried out each year for business development and also evaluate the implementation of these business activities so that it can be seen whether there are obstacles in carrying out these business activities.

The company must really prepare and maintain well all existing resources within the company and company policies in order to develop the quality of employees through increasing formal and informal education which will be given to the workforce gradually and all depends on financial readiness, time and availability. the instructor is there.

Indonesia is actually the biggest asset in the availability of human resources where we have a very large population in the world so that we will not have a shortage of labor in the future and this is what the government must do through existing labor institutions.

From various fields of science about management, human resource management is one of the fields of management science that specifically studies the relationship and role of humans in organizations where the content of all material

**How to cite this paper:** Helmud Fransiscus Sitanggang | Silvia Winda Sari Lbn. Raja | Edward A. Lbn. Raja "Effect of Incentives and Motivation on Employee Performance in Pt. Sinar Asia Medan"

Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-5 | Issue-3, April 2021, pp.158-162,

URL: [www.ijtsrd.com/papers/ijtsrd38748.pdf](http://www.ijtsrd.com/papers/ijtsrd38748.pdf)



IJTSRD38748

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presented concerns human resources and all activities related to human resources in the organization. companies that must be managed properly so that they can contribute to the progress of the company.

This is because in human resource management everything manages the workforce in the organization, so that organizational goals and employee job satisfaction are realized and the company will slowly increase and so will its employees.

Human resource management can also produce good performance in a company by means of assessment, giving remuneration to each individual member of the organization according to their work abilities where employees will work with their existing abilities.

The policies that have been implemented by many companies for high-performing employees include the provision of incentives, promotions and other benefits that will be received by all high-performing employees.

One of the factors that can affect employee performance is the provision of incentives as remuneration provided by the company to employees as a result of the performance produced by employees in working within a certain period of time.

Every member of an organization has his own interests and goals when he joins the organization to realize his dream of

getting a better life because there are expectations that will be received by employees such as: salaries, bonuses, incentives, careers and positions.

For some employees, the hope of earning money is the only reason to work, but others argue that money is just one of the many needs that are met through work that companies can provide employees with.

Compensation provided by the company to employees is a form of company appreciation to employees for the achievements made by employees in working every day sincerely and sincerely for the progress of the company.

To improve the performance of company employees, it is also necessary to increase the ability to work through increased education, both formal education and training planned by the company for employees.

Employees who have good potential value can come from within the company and from outside the company so that employee performance can be maintained in the future.

Companies must allocate budgets to increase the competence of their human resources every year to overcome obstacles in improving employee performance and company performance so that the company will avoid losses due to the minimum knowledge possessed by employees and unable to support the speed of development of science and technology.

The compensation that will be received by employees is in the form of money and some is in the form of non-money and therefore in a compensation there are several compensation in the form of financial compensation, one of which is an incentive.

To be able to carry out its duties and functions as well as possible, good performance is needed so that good work results are also created for the company.

The results of good performance by employees can increase sales throughout the year and are most likely to exceed the target, ultimately exceeding the sales target each year and will earn the employee an incentive for the sales.

The experts above explain that performance is the result and work behavior produced by an employee in accordance with his role in the organization in a certain period. Good employee performance is one of the most important factors in an effort to increase productivity. Therefore, one of the best ways to improve employee performance is to provide incentives to employees so that they can motivate them so that employees can further improve their performance, so that their performance increases and the company is able to produce products at competitive prices.

## 2. Formulation of The Problem

Based on the explanation in the background, the writer formulates the following problems:

1. How much influence does incentives have on employee work productivity at PT. Sinar Asia Medan.
2. How much influence does motivation have on employee work productivity at PT. Sinar Asia Medan.
3. How much is the influence of incentives and motivation on employee work productivity at PT. Sinar Asia Medan.

## 3. Research Objectives

The purpose of this study was to determine how the effect of incentives on employee performance at PT. Sinar Asia Medan.

## 4. Research Benefits

### A. Practical Benefits:

For the company, it is hoped that this proposal can provide suggestions or input to the company in order to provide more appropriate incentives for employee performance in the company.

### B. Theoretical Benefits :

To add insight or knowledge, especially in the field of human resource management.

## 5. Definition of Incentives

Incentives are one of the remuneration efforts provided by the company to employees who excel at work with the aim that other employees can be motivated by the provision of these incentives.

According to Hasibuan, 2001, explains that "Incentives are additional remuneration given to certain employees whose performance is above standard performance. This incentive is a tool used to support the principle of fairness in providing compensation".

Meanwhile, according to Panggabean, 2002, explains that "Incentives are direct rewards paid to employees because performance exceeds the specified standards. Assuming that money can encourage employees to work even harder, those who are productive prefer their salaries to be paid based on work results".

## 6. Definition of Performance.

The performance of the work productivity, productivity comes from the word "Productive". It means something that contains the potential to be extracted, so that productivity can be said to be a structured process of activities to explore the potential that exists in a commodity or object.

The philosophy of productivity can actually mean the desire and desire of every human being (individual or group) to always improve the quality of life and livelihood.

## 7. Previous Research.

1. Ichsan, 2008, explains that the result of his research is that there is an influence between providing incentives on work performance at PT. Pos Indonesia (Persero) Malang.
2. Abayazid, 2009, explains that there is an effect of salary and incentives on employee work productivity at Cv. Iindo Perkasa CompuTiindo.
3. Arindiah Citra Dewi and Agustin, 2010, explain that there is an effect of Incentives on Performance through Job Satisfaction of Persada Swalayan Malang employees.
4. Yordy Wisnu Kusuma, 2016, explains that work motivation and incentives have an influence on morale where this can be seen from the amount of T, the work motivation is 0,617 and T is the incentive of 0,366.
5. Eka Andri Astuti, 2017, explains the results of his research that wages and incentives have an influence on employee work productivity where the F number counts as much as 0,288.
6. Anita, 2017, explains that the results of her research have an influence between work motivation, incentives and promotion on work productivity of F count 0,7295.

## 8. Conceptual Framework

In facilitating the way of thinking, a thought scheme or conceptual framework is made for the research being carried out so that it can make it easier for the researcher to carry out further research.

## 9. Hypothesis

Hypotheses are temporary answers or opinions that must be proven, the truth is still not convincing, because the answers given are only based on relevant theories, while the truth of the opinion needs to be tested or proven. (Moh. Nazir, 2000).

Based on the problem being researched and supported by a framework, the research hypothesis can be drawn, namely:

1. There is an effect of incentives on employee performance at PT. Sinar Asia Medan.
2. There is an influence of work motivation on employee performance at PT. Sinar Asia Medan.
3. There is an influence between providing incentives and work motivation on employee performance at PT. Sinar Asia Medan.

## 10. RESEARCH METHOD

### 10.1. Research sites

In this study, which is used as a place or research location is at PT. Sinar Asia Medan is located in Patumbak Subdistrict Village, Deli Serdang Regency.

PT. Sinar Asia Medan is a company engaged in the type of household furniture business which is sold to all people, both around the factory location and also in the city of Medan.

### 10.2. Types and Sources of Data.

#### 10.2.1. Quantitative Type.

In this study, the data used are primary data and secondary data collected using research instruments in the form of questionnaires, interviews, documentation and observation.

The research instrument is a tool used in finding data from various sources which is used as a tool to assist in solving or solving the problem being researched.

The research approach used is to use descriptive analysis with a quantitative approach and assisted by the SPSS program, meaning that the data collected on a questionnaire in the form of qualitative data is converted into quantitative data.

The quantitative approach is used to find factual information on the problem that is being studied in detail and to identify problems or to obtain information on conditions and ongoing activities (Wahyuni and Mulyono, 2006). This approach is used to find out how the effect that occurs when giving incentives to employees will have an impact on performance.

#### 10.2.2. Primary Data Sources.

Primary data sources are data sources that are obtained directly from the object and processed directly from the subject and object of research that are directly related to research.

Primary data is collected from data from direct observations made by the author and data from filling out questionnaires for employees of PT. Sinar Asia Medan shared by the author and compiled again by the author.

#### 10.2.3. Data Collection Technique

In conducting this research, the authors used the following data collection techniques:

- A. A questionnaire is a list of questions compiled by the researcher which is distributed to all respondents who are the unit of analysis in research who want to obtain data on the problems to be solved (Arikunto, 1995).

- B. The interview is a research process in the context of collecting data used in research where the results can be immediately known because there is a dialogue with the respondent.
- C. Observation is the collection of data directly by making direct observations to see the symptoms of ongoing problems to be followed up with research.
- D. Documentation is the collection of various information from various sources such as: magazines, books, newspapers, the internet, etc. which can assist writers in enriching research information sources.

## 11. Data Collection Methods.

Based on the existing research instruments, the authors used data collection methods by distributing questionnaires to respondents who were the object of research, namely staff at PT. Sinar Asia Medan.

## 12. Population and Sample

### 12.1. Population

In conducting research, it cannot be separated from the respondent as the object of research that is used as a medium of information on the problems faced by researchers who want to find solutions to these problems.

Population is the whole unit of object or subject that is closely related to research and of course adjusted to the root of the problem at the place to conduct research on the problems that occur. (Melva Sitanggang, Togu Harlen Lbn. Raja, 2011).

Sugiyono, 2008, explained that population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions.

In this study, the population is all employees at PT. Sinar Asia Medan totaling 46 people.

### 12.2. Sample.

In this research, it is also necessary to take samples of respondents as a unit of analysis which is used as information in answering existing problems.

The sample is as or representative of the population that will be used as the unit of analysis under study. (Arikunto, 2002).

In connection with the number of staff at PT. Sinar Asia Medan is only 46 people, so the entire population is sampled.

## 13. Data Analysis Techniques.

Regression analysis is a regression equation that describes and explains the effect of one independent variable on the dependent variable, where the relationship between the two can be described as a straight line. (Puspowersito, 2008)

The formula for the regression equation is:  $Y = a + b_1X_1 + b_2X_2 + e$

Information:

Y: Performance Variable.

X1: Incentive Variable.

X2: Motivation Variable.

a: Constants.

b: Regression Coefficient.

e: Other Variables Not Researched.

## 14. The Effect of Incentives (X1) on Performance (Y).

By looking at the background of this study and supported by theory and data and using data analysis with SPSS 16.0, it can be explained that the effect of the incentive variable (X1)

partially on the performance variable (Y) is 23.60% which can be seen from the magnitude of t. count of 23.60.

Partially it can be explained that the effect of the incentive variable (X1) on performance (Y) is 23.60% and it is still influenced by the motivation factor (X2) and other factors not included in this study called the epsilon factor ( $\epsilon$ ).

If you pay attention to the magnitude of the influence of the incentive variable (X1) on performance (Y), namely 23.60%, it has shown that the incentive has had a positive effect on the performance of employees at PT. Sinar Asia Medan.

This incentive provision still needs to be improved in the future so that existing employees at PT. Sinar Asia Medan will provide better performance in the future so that the work productivity of employees in the PT. Sinar Asia Medan could be even better.

PT. Sinar Asia Medan needs to continue to provide incentives to employees both in the form of financial (salary, benefits, etc.) and in non-financial forms (position, housing, education, health, etc.) so that employees continue to strive to work well because there is hope that they will receipt of the incentive value that will be obtained by the employee in the future.

#### 15. Effect of Motivation (X2) on Performance (Y).

Then the influence between motivation on performance can also be seen from the background that has been described and is supported by the theory and methodological approach used and data analysis, it can be explained that the influence of the motivation variable (X2) on the performance variable is 5.44% which can be seen from the amount of t. count of 0.544.

Partially it can also be explained that the motivation variable (X2) has an influence on the performance variable (Y) by 5.44% and there are still other variables not included in this study besides the incentive variable (X1).

If you look at the magnitude of the influence of the motivation variable (X2) on the performance variable (Y) of 5.44%, it does not make a big contribution to the performance of employees at PT. Sinar Asia Medan.

Chairman of PT. Sinar Asia Medan still needs to rethink about the work motivation of employees who are even better so that with high awareness, employees will work with better working morale in contributing to employee performance (Y).

Motivation is closely related to human behavior where motivation will be able to change human attitudes and behavior to direct employees to a better direction.

Chaerriington, 1995, explains that motivation is a condition that moves towards a specific goal.

Then Gerhat Wright, 1996, also explained that motivation is the result of a number of processes that are internal and external to an individual which causes enthusiasm and persistence in carrying out certain activities.

#### 16. The Influence Between Incentives (X1) and Motivation Variables (X2) on Performance Variables (Y).

After answering the effect of the independent variables, namely the incentive variable (X1) and the variable (X2) on performance (Y) partially, then it can also be seen how much

influence the independent variables jointly have on the dependent variable.

Based on the results of data analysis, it can be explained that the effect of the incentive variable (X1) and the motivation variable (X2) simultaneously or together can be explained as having an effect of 36.61% which can be seen from the magnitude of F. count of 3.661.

If we look at the magnitude of the two independent variables, namely the incentive variable (X1) and the motivation variable (X2) on the performance variable (Y), only 36.61%, then there are many other factors that affect performance, namely 63.39%.

#### 17. Conclusion.

From the background that has been explained and formulated with problems and support from the theories and available data collected using research instruments and by analyzing existing data, it can be concluded that this research is as follows:

1. The research variable, namely the incentive (X1), has an effect on the performance variable (Y) of 23.60%, meaning that the incentive variable is only able to contribute to the performance of 23.60%, while the rest is still influenced by other factors.
2. Then the motivation variable (X2) has an influence on the performance variable (Y) of 5.44%, meaning that the motivation variable is only able to contribute to the performance of 5.44% and the rest is still influenced by other factors.
3. Simultaneously or collectively, the two variables, namely the incentive variable (X1) and the motivation variable (X2), have an influence on performance (Y) of 36.61% and the rest is influenced by other factors that are not examined.

#### 18. Suggestions.

1. Companies still need to think about providing better incentives for the future both in the form of types and amounts of incentives that will be given to employees so that they can improve employee performance.
2. The existing motivation of the employees of PT. Sinar Asia Medan is still classified as very low, namely 5.44%, so that the leadership still needs to motivate employees to improve their work morale.

Chairman of PT. Sinar Asia Medan must make various efforts to increase work motivation so that employees will be influenced to work even more enthusiastically.

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