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# The Role of Motivation as Mediating Relationship Between Incentives and Employee Performance

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## ABSTRACT

*The objective of this article is to study the relationship between performance incentives and employee motivation at PT. PELINDO IV. The results of this research are drawn from a quantitative survey. This technique is referred to as random and proportional sampling. SmartPLS v.3.8 was employed in this study. Incidentally, the results demonstrated that monetary incentives had a significant effect on motivation. With regard to productivity, the only thing that incentives do is to move resources from one place to another. People who are motivated perform better. Incentives affect performance by influencing the degree of motivation, and performance is positively influenced by the medium of incentives.*

## INTRODUCTION

Using people to fully utilize human resources for development is crucial (Rapanna, 2020). Human resources are the most critical factor in the process of the overall development. It is primarily human resources that govern the smooth progress of agency operations. The company's human resources potential requires truly effective utilization since we hope that it will meet the criteria of an efficient, appropriate, and effective combination of tasks (Hubeis & Najib, 2014). The performance of a company's human resources can contribute to its success. An employee's performance is defined as the quality and quantity of work he or she produces while performing his or her duties in accordance with his or her job responsibilities (Mangkunegara, 2010). To improve organizational performance, a policy based on an understanding of the factors that influence employee performance is required (Jumady, 2020). Employee satisfaction can be achieved by understanding employees as individuals, encouraging them to be motivated at work, and expressing gratitude for their efforts (Latifah, 2015).

We conducted this research objectively at PT Pelabuhan Indonesia IV (Persero) Makassar Branch, a state-owned transportation company that operates in the port sector and regulates ships domestically and internationally. This company's core business is as a port service provider, which is critical in ensuring sea transportation's continuity and smooth operation. The availability of adequate marine transportation infrastructure is expected to stimulate and stimulate the state's and society's economic activities. As a port facility services company, the management strives to improve human resources to provide excellent service, particularly in port services.

Employee incentives are one way to increase employee motivation to produce higher-quality work and achieve company goals. This is because each employee or individual has a personal interest in obtaining the necessities of life or personal needs, obtained through the work he has done. Employees are motivated to contribute by giving their best performance according to their company's role when they are given incentives. According to Maslow's motivation theory, one of the human needs is a physiological need (Sutrisno, 2011). Maintaining life is also known as psychological needs (physiological needs), which refers to the desire to keep one's life from death. Maslow introduced this need as the most basic level. Food, drink, shelter, and clothing are among the most basic needs that a person must meet to protect himself from hunger, thirst, cold, and heat, among other things. The desire to meet these needs motivates people to work because working earns

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them a reward (money or material) that can be used to meet their needs.

H1: Incentives have a positive and significant effect on motivation

Incentives are a type of strategy for increasing a company's productivity and efficiency by exploiting employees who have the tendency or ability to do their jobs as they are or who do not do their jobs optimally by utilizing their abilities. It is possible to say that the company's incentives are linked to employee performance. The incentive acts as an incentive or attraction for employees to do better work, which will improve their performance both in terms of quality and quantity. Employees have very high expectations of working optimally when they are assured of receiving incentives (Hariandja, 2012).

H2: Incentives have a positive and significant effect on performance

Motivation is not only external stimulation in the form of objects or non-objects that can stimulate people to own, enjoy, control, or achieve these objects or non-objects—it is also motivation for someone to do work to meet the needs of life. If a person's basic needs aren't met, they will become anxious, which will affect the individual's motivation. According to Robbins (2006), motivation is the desire to do something that determines one's ability to act to meet personal needs. With all of these requirements, a person is expected to work more actively and actively at work because someone highly motivated to do his job will have a higher level of performance in the company and will be able to meet the company's goals.

H3: Motivation has a positive and significant effect on performance

People usually act for a reason to achieve a goal (Malthis & Jackson, 2006). Humans are always motivated to complete their assigned tasks when performing their duties. Providing this incentive will encourage employees to improve their performance with higher and better results, resulting in improved work results and, ultimately, achieving the company's goals. As a result, providing incentives to employees can motivate them to improve their performance, allowing the company to produce products at competitive prices. Employees will be highly motivated at work if incentives are given in a proportional, appropriate, and sufficient manner. With the incentive, it is expected that someone will be highly motivated at work and will strive to improve their performance. Work motivation is important for employees because it is expected that they will work hard and be enthusiastic about achieving high work productivity if they are motivated. Motivation is concerned with boosting employee morale so that they are willing to work hard and contribute all of their abilities and skills to help the company achieve its objectives (Hasibuan, 2010). Employees require the company's motivation to support the company's success because high employee motivation will undoubtedly affect their performance, and ultimately the company's goals can be met.

H4: Incentives have a positive and significant effect on performance through motivation

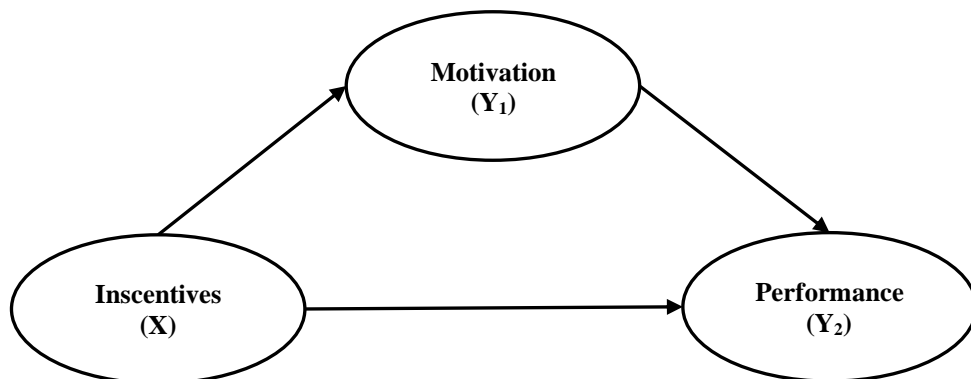


Figure 1. Conceptual framework  
Source: Data processed (2020)

## METHOD

The approach used in this research is an associative quantitative approach to know the causal effect of the variables under study. The sampling technique was carried out using simple random sampling, taking it randomly without paying attention to the strata in the population (Sugiyono, 2014). In measuring the respondent's answer, the answer for each instrument item that uses the Likert scale has a gradient from very positive to very negative, which can be in the form of words, and for quantitative analysis, the answer is weighted with levels (5 = very similar, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree).

This analysis is carried out to ensure that the measurement used is suitable for measurement (valid and reliable). The indicators in this study are reflective because the indicators of latent variables affect the indicators. Analysis of the outer model can be seen from Convergent Validity, which measures the correlation between the construct and the latent variable. Evaluating the convergent validity of checking individual item reliability can be seen from the standardized loading factor. The standardized loading factor describes the correlation between each measurement item (indicator) and its construct. Expected value  $> 0.7$ . Outerloading values between 0.5–0.6 are considered sufficient to meet the convergent validity requirements—discriminant Validity to see and compare the discriminant validity and square root of the average extracted (AVE). Suppose each construct's AVE square root value is greater than the correlation value between constructs and other constructs in the model. In that case, it is said to have a good discriminant validity value, and the expected AVE value is  $> 0.5$ . Another measurement can be seen from the cross-loading factor's value, which is useful for knowing whether the construct has sufficient discriminant. Comparing the loading value of the intended construct must be greater than the loading value with other constructs. Composite Reliability is an index that shows the extent to which a measuring tool can be trusted to be relied on. If a tool is used twice to measure the same symptoms and the measurement results obtained are relatively consistent, it is reliable. The composite reliability value (pc) of the latent variable is the value that measures the stability and consistency of the combined reliability measurement. Data that has composite reliability  $> 0.7$  has high reliability.

Cronbach's Alpha is a reliability test that strengthens the results of composite reliability. A variable can be declared reliable or meets Cronbach's alpha if it has a Cronbach's alpha value  $> 0.7$ . The inner model (inner relation, structural model, and substantive theory) describes the relationship between latent variables based on substantive theory. The structural model was evaluated using the R-square for the dependent construct, the Stone-Geisser Q-square test for predictive relevance, and the t-test and the significance of the structural path parameter coefficients. In assessing the PLS model, it starts by looking at the R-square for each latent dependent variable. The interpretation is the same as the interpretation in regression. Changes in the R-square value can assess certain independent latent variables on the latent dependent variables whether they have a substantive effect. Besides looking at the R-square value, the PLS model is evaluated by looking at the predictive relevance Q-square for the constructive model. Qsquare measures how well the observed value is generated by the model and also its parameter estimates. The Q-square value is greater than 0 (zero), indicating that the Q-square value is less than 0 (zero), indicating that the model has less predictive relevance.

## RESULT & DISCUSSION

### Result

Table 1 shows the characteristics of the picture information of employees of PT. Pelindo IV (Persero) Makassar Branch who were respondents in this study were dominated by male employees represented by a sample of 48 people, the majority aged 30–40 years who were represented with a selection of 22 people, the majority had undergraduate education represented by a sample of as many as 22 people. Twenty-eight people and the majority of rank groups, namely group II represented by a selection of 43 people. Furthermore, Figure 1 shows that the indicator's outer loading value on each variable is greater than the predetermined condition, which is  $> 0.7$ . This means that the hands-on each of these variables can correlate and describe the variables. So that all indicators in each variable are deemed appropriate to be continued in further testing.

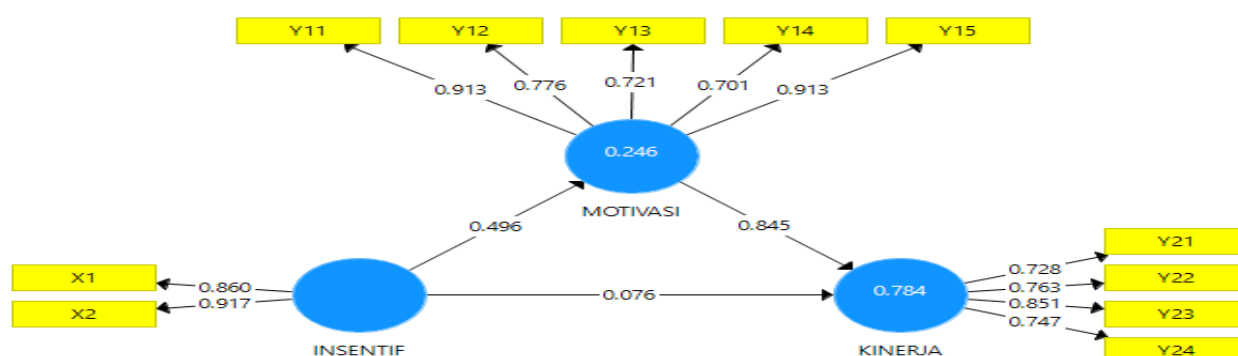
**Table 1. Characteristics of respondents**

Characteristics of Respondents		Frequency (Person)	Percentage (%)
Gender	Man	48	75
	Woman	16	25
Total		64	100
Age	< 30 Year	12	18,75
	30 - 40 Year	22	34,38
	40 - 50 Year	17	26,56
	> 50 Year	13	20,31
Total		64	100
Level of education	SMP / Sederajat	-	0
	SMA / Sederajat	-	0
	Diploma	15	23,44
	Sarjana	28	43,75
	Magister	12	18,75
	Doktor	9	14,06
Total		64	100
Rank Group	Non - Group	-	0
	Group I	-	0
	Group II	43	67,19
	Group III	12	18,75
	Group IV	9	14,06
Total		64	100

Based on table 2, it can be seen that the loading value on each construct (the correlation value between indicators and variables) is greater than the loading value on other constructs, so it can be said that there is no problem in discriminant validity.

**Table 2. Discriminant validity test results**

	Incentive	Motivation	Performance
X <sub>1</sub>	0.860	0.363	0.401
X <sub>2</sub>	0.917	0.505	0.474
Y <sub>1.1</sub>	0.303	0.913	0.851
Y <sub>1.2</sub>	0.507	0.776	0.675
Y <sub>1.3</sub>	0.357	0.721	0.541
Y <sub>1.4</sub>	0.556	0.701	0.606
Y <sub>1.5</sub>	0.302	0.913	0.852
Y <sub>2.1</sub>	0.457	0.523	0.728
Y <sub>2.2</sub>	0.385	0.623	0.763
Y <sub>2.3</sub>	0.303	0.851	0.913
Y <sub>2.4</sub>	0.454	0.574	0.747

**Figure 1. Outerloading value**

**Table 3. Cronbach's alpha test results and composite reliability**

Variable	Cronbach' Alpha	Composite Reliability
Incentive	0.739	0.883
Motivation	0.865	0.904
Performance	0.779	0.865

Table 3 shows the value of Cronbach's alpha and composite reliability of each construct is greater than the value of 0.70, so it can be said that each construct has good reliability.

**Tabel 5. R Square**

Variable	R Square	Adjusted R Square
Incentive and Motivation	0.246	0.234
Performance	0.784	0.777

Table 4 shows the value of R Square on Motivation and Performance models of 0.246 and 0.784. This means that in the Motivation model, the Incentive variable can explain the motivation variable's influence by 24.6%, and the remaining 75.4% is explained by other variables not included in the study. Whereas in the performance model, the incentive and motivation variables could explain the effect on the performance variable of 78.4%. The remaining 21.6% was explained by other variables not included in the study.

**Tabel 6. Path coefficients**

	Original Sample	T-Statistic	P-Value	Info
<b>Incentive → Motivation</b>	0.496	3.025	<b>0.003</b>	<b>Accepted</b>
<b>Incentive → Performance</b>	0.076	0.891	<b>0.373</b>	<b>Rejected</b>
<b>Motivation → Performance</b>	0.845	15.348	<b>0.000</b>	<b>Accepted</b>
<b>Incentive → Motivation → Performance</b>	0.419	2.940	<b>0.003</b>	<b>Accepted</b>

## Discussion

### The Influence of Incentives on Motivation

Based on the data analysis results, the results show that the incentive for motivation has a positive correlation coefficient of 0.496 with a statistical value of 3.025, which is greater than the value of 1.960, and a p-value of 0.003 is smaller than the value of 0.05. This means that incentives have a positive and significant effect on motivation; the higher the incentives given to employees, the more motivation will also increase. This study's results are in line with Yefina (2015), Rahmanda (2013) in the results of their research that the increase in employee motivation is due to the presence of both material and non-material incentives. Employees' motivation in a company is essential because motivation causes, channels, and supports employees' behavior to work actively and diligently in achieving optimal results.

### The Influence of Incentives on Performance

Based on the results of data analysis, the results show that the incentive for performance has a positive correlation coefficient of 0.076 with a statistical t value of 2.940, which is smaller than the value of 1.960, and a p-value of 0.373, which is greater than the value of 0.05. This means that incentives have a positive and insignificant effect on performance; the employee's level of incentives will not have a natural effect on employee performance. The results of this study are from previous research conducted by Kusuma (2015), Jannah (2020), Wibawa (2016), which proves that giving fair and proper incentives will have a significant effect on employee motivation and performance. Therefore, incentives have a positive effect on employee

work results. Mangkunegara (2019) incentives in the form of money related to carrying out tasks will increase employee work results. Therefore, leaders need to provide incentives in the form of adequate money so that employees are motivated to work and achieve maximum performance.

#### The Influence of Motivation on Performance

Based on the results of data analysis, the results show that motivation to performance has a positive correlation coefficient of 0.845 with a statistical t value of 15,348, which is greater than the value of 1,960, and a p-value of 0,000 which is smaller than the value of 0.05. This means that motivation has a positive and significant effect on performance; the higher the reason employees get, the higher the account will be. This study's results are from previous research conducted by Uzonna (2013), Abdi Mohamud (2017), proving in his study that employee motivation will positively improve employee performance.

#### The Influence of Incentives on Performance Through Motivation

Based on the results of data analysis, the results show that incentives for employee performance through motivation have a positive correlation coefficient of 0.419 with a statistical t value of 3.025, which is greater than the value of 1.960 p-values 0.000, which is smaller than the value of 0.05. This means that incentives have a positive and significant effect on performance through motivation; the higher the incentives given to employees, the more motivation will also increase; with increasing motivation, the performance will also increase. This study's results are from previous research conducted by Amir (2018) and Kuvaas (2018), which proves that an increase in work motivation will occur if the institution develops a policy of providing a compensation system that is distributed fairly. This means that the expected salary, incentives, and allowances will improve performance. This study's results are also in line with the survey conducted by Ghazanfar et al. (2011), which states that satisfaction with compensation can be a work motivation factor.

## CONCLUSSION

Based on the results of this study, it was found that there was a positive and significant influence between incentive variables on motivation, motivation on employee performance, while incentives had no effect on employee performance. Then test the mediation between the incentive variables on employee performance through motivation, where motivation is the perfect mediation or full mediation.

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