The effect of incentives on employee performance at Bank NTT Head Office in Kupang

Check for updates

[1*]Struce Andriyani, [2]Cahya Surya Abubakar

[1,2]Prodi Administrasi Bisnis, FISIP, Universitas Nusa Cendana - Indonesia

e-mail :
[1*]struce.andriyani@staf.undana.ac.id *(corresponding author)*
[2]cahyaabubakar@gmail.com

ABSTRACT

Employee performance is a critical determinant of organizational effectiveness, particularly in the banking sector, where human capital plays a central role in achieving strategic objectives. Incentive systems are widely recognized as an important mechanism for motivating employees and enhancing workplace productivity. This study examines the effect of incentives on employee performance at Bank NTT Head Office in Kupang, Indonesia. Employing a quantitative research design, the study involved a population of 332 employees, from which 77 respondents were selected as the research sample. Data were analyzed using descriptive statistical techniques and simple linear regression analysis to evaluate the relationship between incentives and employee performance. The descriptive findings indicate that both the incentive system and employee performance are perceived to be at very good levels within the organization. The inferential analysis demonstrates that incentives have a positive and statistically significant effect on employee performance, as evidenced by the t-test results. Furthermore, the coefficient of determination indicates that incentives make a substantial contribution to explaining variations in employee performance. These findings suggest that well-designed incentive programs can serve as an effective human resource management strategy for improving employee productivity and organizational outcomes. The study contributes to the literature on employee motivation and performance by providing empirical evidence from the Indonesian banking industry and offers practical implications for organizations seeking to enhance workforce performance through performance-based reward systems.

Keywords: *Incentives; Employee Performance; Bank NTT*

INTRODUCTION

Every company naturally wants to maintain their existence, especially in the era of globalization, where companies are required to compete with other companies without allowing their quality to decline. One crucial element that plays a significant role in improving a company's quality and existence is human resources, which are the power of company's and resource for achieving their desired goals, employees are a key asset and have an important role in the company, A company's success is heavily influenced by the performance of individual employees, Employee performance is the concrete behavior displayed by each individual, reflecting the work achievements they produce in accordance with their role within the company (Putri & Hidayat, 2022).

To achieve a company's goals, there needs to be motivation so that employees can work well, and one of the motivations is to fulfill employee desires, including: good salary or wages, a conducive working atmosphere, appreciation for the work done, fair and wise leadership and striving for incentives that are appropriate to their career levels, incentives need to be given to support employee performance in improving work results. (Syamsir & Hidayat, 2020)

Providing incentives is something companies need to implement to improve employee performance. Incentives can motivate employees, and companies consistently offer incentives to motivate them to achieve optimal performance, Providing incentives boosts employee morale, provided the incentives are distributed evenly (Yuni, 2022).

From the explanation above, it can be concluded that one of the factors influencing employee performance is incentives. This statement is supported by the opinion of Syamsir & Hidayat (2020), who stated that incentives need to be provided to support employee performance and improve work results.

Bank NTT is a Regional Development Bank (BPD), which differs from conventional commercial banks. BPD share ownership by the regional government. Bank NTT is a Regional Development Bank with the specific purposes to improving the economy of the community, especially in East Nusa Tenggara (NTT). Bank NTT is spread across 22 regencies/cities throughout the East Nusa Tenggara region and is centered, Bank NTT Head Office has 332 employees.

Based on the results of interviews with several employees of Bank NTT Head Office in Kupang, the form of incentives provided by Bank NTT Head Office in Kupang is in the form of overtime bonuses, e-learning bonuses, and service period bonuses. By providing incentives in accordance with predetermined work standards, it is expected to make employees work optimally in achieving the Company's goals.

The purpose of this research is to know and explain the incentives and performance of employees of Bank NTT head office in Kupang, to know and analyze the influence of incentives on the performance of employees of Bank NTT head office in Kupang. As well as the benefits of this research It is hoped that the results of this research will be one of the references for further research. The results of this research can be input for employees, especially at Bank NTT head office in Kupang.

LITERATURE REVIEW

Employee performance

Adhari (2020) says that employee performance is the results produced by a particular job function or activities in a particular job during a certain period of time, which shows the quality and quantity of the work. Meanwhile, Rerung (2019) says that employee performance is the behavior produced in tasks that can be observed and evaluated, where employee performance is the contribution made by an individual in achieving organizational goals.

According to Mathis & Jackson (2002), factors that influence employee performance are work facilities, work environment, work priorities, supportive bosses, bonuses and incentives. While according to Mangkunegara (2005), there are several factors that influence performance, as follows: ability factors, and motivation factors. Dharma (2003) states that employee performance indicators are quantity, quality, and timeliness.

Incentive

Mangkunegara, in Ruslan et al. (2020), defines incentives as a form of money given by organizational leaders to employees to encourage them to work with high motivation and achieve organizational goals, as a form of recognition of employee work performance and contributions to the organization. Meanwhile, according to Hasibuan, in Reny (2016) incentives are a motivating force given to certain employees based on their work performance so that employees are encouraged to improve their work performance. According to Siagian (2010), factors that influence the incentive system are: prevailing wage and salary levels, union demands, productivity, policies, and laws and regulations. And according to Justine (2006), the types of indicators are financial incentives, non-financial incentives, and social incentives.

METHOD

This research is associative and uses a quantitative approach. According to Sugiyono (2019), associative research is a research problem formulation that examines the relationship between two or more variables. In this study, an associative research strategy is used to identify the extent to which variable X, namely incentives (independent variable), influences variable Y, namely employee performance (dependent variable).

The types of data in this study are quantitative data and qualitative data. According to Sugiyono (2018), quantitative data is data in the form of numbers or qualitative data that is quantified. In this study, the quantitative data is the number of employees at the NTT Bank Head Office in Kupang and incentives. According to Sugiyono (2013), qualitative data is data obtained through various data collection techniques, such as interviews, document analysis, and observations that have been recorded in field notes. The data in this study includes data from interviews with HRD and several employees at the NTT Bank Head Office in Kupang City, as well as researcher observations in the field.

The data sources in this study are primary and secondary data. According to Sugiyono (2021), secondary data and primary data are defined as follows: Primary data is a research data source obtained directly from the original source (not through intermediaries). The primary data used in this study were obtained through questionnaires distributed to employees at the NTT Bank Head Office in Kupang City. Secondary data is a source that does not directly provide data to data collectors (Sugiyono 2012). In this study, the secondary data sources were literature, articles, journals, and internet sites related to the research being conducted.

The data collection techniques used in this study are questionnaires Djaali (2020) defines a questionnaire as a data collection method that involves sending instruments (questionnaires) to respondents, to be answered in writing and then returned to the researcher. Sugiyono (2021) defines it as a data collection technique by asking and answering questions with leaders, authorities, or other parties directly related to the object being studied.

The data analysis techniques used in this study were validity testing, reliability testing, descriptive analysis, simple linear regression analysis, coefficient of determination, and hypothesis testing, namely the t-test.

RESULTS AND DISCUSSION

Descriptive Analysis Results

Based on the descriptive analysis, the total average achievement of the incentive variable was in the very good category at 92.01%, with each indicator: financial incentives received 92.13% and were in the very good category; non-financial incentives received 92.11% and were in the very good category; and social incentives received 91.81% and were in the very good category. The total average achievement of the employee performance variable was in the very good category at 91.62%, explained by each indicator: quality of work received 91.85% and was in the very good category; quantity of work received 90.03% and was in the very good category; and punctuality received 92.98% and was in the very good category.

Simple Linear Regression Analysis

Simple Linear Regression Analysis is used to predict how the dependent variable will rise or fall if the independent variable as a predictor experiences an increase or decrease in value (Sugiyono, 2008:210). To know the effect of incentives on work performance at the Bank NTT Head Office in Kupang, a quantitative analysis using a simple linear regression model was used using SPSS 22.

The results are presented in Table 1 as follows:

Tabel 1
Simple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.356	3.863		3.458	.001
	INSENTIF (X)	.564	.093	.572	6.038	.000

Source: Primary Data (Processed), 2025

The regression equation from the results of simple linear regression analysis is:

$$Y = 13{,}356 + 0{,}564X$$

This equation shows the following:

a. The value of a (Constant) of 13.356 indicates that if the incentive variable has a value of 0, then the value of the Employee Performance variable at the Bank NTT Head Office in Kupang is 13.356.
b. The regression coefficient value (b) of the incentive variable (X) is 0.564. This means that if the incentive variable increases by one point (unit), then the employee performance value increases by 0.564.

t-test

The t-test basically shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable (Ghozali, 2021). Table 1 shows that the X variable, incentives, obtained a t-value of 6.038 with a significance level of 0.000. Meanwhile, the t-value was 1.992 (df = 77-2 = 75). Because the significance value of 0.000 is less than the alpha value of 0.05 ($p < \alpha$), and the t-value is greater than the t-value (6.038 > 1.992), this indicates that the incentive variable has a significant influence on employee performance at the Bank NTT Head Office in Kupang.

Therefore, the hypothesis that incentives have a significant influence on employee performance is confirmed.

Coefficient of Determination Test

The coefficient of determination measures the model's ability to explain variation in the dependent variable (Ghozali, 2021).. If its value is close to 1, the independent variable provides almost all the information needed to predict variation in the dependent variable.

The results of the determination coefficient analysis can be seen in Table 2.

Table 2
Results of the Determination Coefficient Test (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815[a]	.764	.760	3.499

a. Predictors: (Constant), INSENTIF (X)

Source: Primary Data (Processed), 2025

CONCLUSION AND SUGGESTIONS

Based on the research results, it can be concluded that the provision of incentives at Bank NTT Kupang Head Office is in the very good category, as is employee performance which is assessed as very good based on indicators of quality, quantity, and timeliness. The results of the hypothesis test indicate that incentives have a positive and significant effect on employee performance with a contribution of 76.4%, while 24.6% is influenced by other factors.

Therefore, Bank NTT is advised to maintain and improve the incentive system, especially in the aspect of recognition for work performance and bonus provision, as well as increase supervision so that employees can work according to company standards. In addition, further research is expected to examine other factors that influence employee performance, such as cooperation, responsibility, and leadership.

REFERENCES

Adhari, IZ (2020). Optimizing Employee Performance Using a Knowledge Management & Work Motivation Approach. Pasuruan: Qiara Media.

Arikunto, S. (2012). Research Procedures. Jakarta: N Rineka Cipta.

Djaali. 2020. Quantitative Research Methodology. Jakarta: PT Bumi Aksara.

Ghozali, I. (2021). Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26 Edisi 10. Badan Penerbit Universitas Diponegoro.

Putri, R., & Hidayat, R. (2022). Employee Job Satisfaction Measurement Model with Compensation and Motivation. Ekombis Review: Scientific Journal of Economics and Business, 10(1), 305–315.

Rerung, R. R. 2019. Improving Employee Performance Through Employee Engagement and Organizational Citizenship Behavior. Bandung: Cv. Media Sains Indonesia.

Sarwoto. (2010). Fundamentals of Organization and Management. Sixteenth Edition. Jakarta: Ghalia Indonesia

Siagian, S. P. 2010. Human Resource Management. Jakarta: Bumi Aksara

Sirait, J. T. 2006. Understanding Aspects of Human Resource Management in Organizations. Jakarta: Pt Grasindo.

Syamsir, S., & Hidayat, R. (2020). The Influence of Organizational Commitment and Job Satisfaction on Employee Turnover Intention. Insight Management Journal, 1(1), 1–5.

Sugiyono, 2013, Quantitative, Qualitative, and R&D Research Methodologies. (Bandung: Alfabeta)

Sugiyono. (2018). Metode Penelitian Kuantitatif, Kualitatif, R&D. Bandung: Alfabeta

Sugiyono. (2018). Quantitative, Qualitative, R&D Research Methods. Bandung: Alfabeta.

Sugiyono. 2021. Qualitative Research Methods. Alfabeta, Cv: Bandung.