

## **The Effect of Incentives on Employee's Work Effectiveness at PT. United Coconut Tina Indonesia, North Minahasa**

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### **ABSTRACT**

This study aims to determine the effect of incentives upon employees' work effectiveness at PT. United Coconut Tina Indonesia, North Minahasa. This study made use of associative method with the quantitative approach. The data were collected by questionnaires distributed to employees in PT. United Coconut Tina Indonesia, North Minahasa to find the causes and consequences of the variables. The population used in this study is the employees of PT. United Coconut Tina Indonesia, North Minahasa. This study applied a simple linear regression analysis through the requirements test including the instrument test and normality test. The data derived from questionnaires where been weighted and processed using the SPSS version 22. The findings lead to a conclusion that incentives affect work effectiveness.

Keywords: Incentives, Work Effectiveness

### **INTRODUCTION**

Human resources development at a macro level plays a crucial role in achieving corporate goals. In the current economic condition, ineffective employees remain countless. They greatly affect the performance of the company to achieve maximum production hard to realize. Some of them do their jobs incongruent to the expected targets. It could be the result of their dissatisfaction with company's management, and even the way of the distribution of incentives provided by the company. With the intention to mobilize employees to work more effectively, companies must pay attention to their welfare with the provision of incentives. It brings great importance since it greatly affects their mentality in carrying out their duties and activities. To follow all the existing developments, and achieve the objectives of the company, it is necessary to provide incentives of proportional amount to spur the employees' effectiveness to make them at the highest level of productivity and morale. Incentives are needed to support the employees' effectiveness, especially in PT. United Coconut Tina Indonesia. The incentive greatly supports the level of effectiveness and efficiency of its employees' work. In addition, it encourages them carry out their main tasks and functions in accordance with the expected work procedures. This will bring the vision and mission and work programs in PT United Coconut Tina Indonesia are achievable.

Therefore, serious attention from the leadership is crucial. Problems of employee's effectiveness, due to the lack of incentives, supports and motivation remains existed. These result in ineffectivity. These are unseparable from the influencing

factors such as incentives and effectiveness. This study focuses on two main factors, including incentives and work effectiveness.

Based on the above considerations, the authors are interested in conducting this research entitled with "The Effect of Incentives on Employee's Work Effectiveness at PT. United Coconut Tina Indonesia, North Minahasa." The problem formulation is "Does the incentive affect the effectiveness of employee's work at PT. United Coconut Tina Indonesia, North Minahasa?"

### **Theoretical Basis**

#### **Effectiveness**

Based on the Indonesian dictionary, effectiveness is an English vocabulary "effective" which means successful, obeyed and impressive. If a person is able to work well, he/she works effectively. According to Hasibuan SP Melayu (2012: 62), effectiveness is a situation that contains an understanding of the occurrence of a desired effect. In other words, someone does an action with a specific desired purpose. It draws to a conclusion that something is effective when it is in line with what is desired. This means that the achievement of the intended goal is the achievement of the objectives for the actions to achieve them.

Effectiveness can be interpreted as a process of achieving a predetermined goal. A business or activity is effective when it has achieved its objectives. If the intended purpose is the goal of a company, its process of achieving the objective constitutes success in carrying out the program of activities according to authorities, duties and functions.

#### **Incentives**

Incentives are a means of motivating in the form of material, which is given as a deliberate impulse to workers in arising their great enthusiasm to increase their work productivity in the organization.

According to Manulang (2007: 147), incentives are a means of motivating and generating encouragement. According to Nawawi (2008: 307), incentives are rewards for motivating workers to have high productivity, and not bounded by time. Harsono (2008: 21) argued that incentives are any compensation system in which the amount given depends on the results achieved. This means offering an incentive to workers to achieve good results.

This defines incentives as variable rewards given to individuals in a group based on differences in achieving work results. This is designed to provide stimulation or motivate employees to try to increase their work productivity. Incentives are also a tool to encourage employees to further increase work productivity to achieve company goals.

## RESEARCH METHOD

This study applied associative methods with quantitative approaches. The variables are:

- a. X describes the independent variable:  
X, Incentives
- b. Y describes the dependent variable:  
Y, Effectiveness

According to Sugiyono (2007: 72), population is a generalization area consisting of objects and subjects with certain qualities and characteristics. In conclusion, the population is not only people but also other natural objects. The population is not merely the number of objects on the study but also the whole population able to determine the size of the sample members and limit the generality of the validity of the region. The population of the study were 36 employees or all employees working in PT. United Coconut Tina Indonesia North Minahasa.

Sample is part of the number and characteristics possessed by the population. The researcher used saturated sampling, a sampling technique in which all members of the population are used as samples (Sugiyono, 2017: 80). Another term for saturated samples is census, where all populations are sampled. To focus on the problem, the researcher decided to select respondents from all employees at PT. United Coconut Tina Indonesia North Minahasa with 36 employees and all of them are used as samples.

The data were collected from a sample consisting of a number of respondents. Data were obtained directly from field observation and distribution of questionnaires.

Questionnaires are distributed to collect data and used for the quantitative research. The testing instruments are:

### 1. Validity test.

Validity test is used to measure the validity of a questionnaire. Validity shows the extent to which a measuring device measures what to measure.

**Validity Test**

Variable	Item Total	Valid Item
Incentive. x	20	20
Work effectiveness. Y	20	18

The output above demonstrates the number of questionnaires that usable for research is 20 for the incentive variable and 18 for the effectiveness variable. This is due to 2 outliers dismissed because of invalidity.

### 2. Reliability Test

The researcher used the SPSS 22 for the reliability test. The questionnaire is reliable if the output value that can be chosen from Alpha is more than the significance level of 60%. It leads to a conclusion that the questionnaire in this study is reliable.

Reliability Test

No	Variable	Cronbach's Alpha	Item	Decisions
1	Incentives (X1)	0.916	20	Reliable
2	Work Effectiveness (Y)	0.894	18	Reliable

The table shows the value of Cronbach's Alpha generated from the output of each variable is:

- From the 20 questions, the Alpha value of Incentives is 0.916,
- From the 18 questions, the Alpha value of the effectiveness is 0.894.

It concludes that the questions for Incentives (X), and work effectiveness (Y) are reliable.

### 3. Normality test

To test the normality, the researcher used the Kolmogorov Smirnov table. It is to observe whether the data is normally distributed or not by comparing the significance value of the SPSS program output of the Kolmogorov Smirnov table. If the output of the significant value is greater than the requirement of 0.05 it can be concluded that the data is normally distributed.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal	Mean	.0000000
Parameters <sup>a, b</sup>	Std. Deviation	5.72967839
Most Extreme	Absolute	.110
Differences	Positive	.110
	Negative	-.103
Statistical Test		.114
Asymp. Sig. (2-tailed)		.200 <sup>CD</sup>

The table shows the value of Asymp.sig. is 200. If the SPSS program output value of significance from the Kolmogorov Sminorv output is greater than the 0.05 requirement, the data is normally distributed.

Data were analysed by simple linear regression. This analysis is used to find out how much influence is given by the Incentive (I), and Work Effectiveness (WE) variables. The simple linear regression equation in this study is:

$$Y = \alpha + bx_e$$

Y : Work effectiveness.

bx : Incentives

$\alpha$  : Constant Coefficient

b : Regression Coefficient

e: Error Standard

## RESULTS AND DISCUSSION

### Descriptive statistics

This technique is the most widely used to describe data. Descriptive statistics indicate the number and percentage of respondents, and objects that fall into the existing category. This technique is usually used to provide initial information in research on objects or respondents. For the descriptive analysis researcher used spss 22.

### Regression Test Results

Coefficients <sup>a</sup>		
Models	Unstandardized Coefficients	
	B	Std. Error
(Constant)	42,951	10,922
Incentives	.394	.130

The data in the coefficients table shows the constant (a) is 42,951, and the value of the effect of Incentives (bX) is 0.394 and. It draws to a conclusion that the systematic equation is:

$$Y = a + bX \text{ or } Y = 42,951 + 0.394 X$$

"b" is the regression coefficient describing the change in the variable Y for each change that occurs from the variable X. This equation explains:

- Constants (a) = 42,951 concludes that if the incentives have no value or empty then the effectiveness of work will be 42,951.
- Incentive variable regression coefficient (X) = 0.394, implies that each one unit increase of the incentives influence value will increase the value of work effectiveness by 0.394.

### Hypothesis test

#### a. T test

T test aims to determine the influence on United Coconut Tina Indonesia partially between independent and dependent variables, by comparing tvalue and significant values according to the provisions. If the tvalue is greater and the significant value is less than 0.05, it leads to conclusion that the research hypothesis is accepted, and vice versa. ttable in this study is 2.03693.

Coefficients <sup>a</sup>		
Models	t	Sig.
(Constant)	3,933	.000
Incentives	3,033	.005

Incentive variable (X1) with a regression coefficient by 0.394 shows the tvalue is (3.033) > ttable (2.03693) and a significant level is 0.005 < 0.050. > Thus, Ho is rejected and H1 is accepted. These outputs and comparisons come to a conclusion that incentives affect the effectiveness of employee's work.

## b. Correlation Coefficient Test

Table 1.9  
**Model Summary<sup>b</sup>**

Model s	R	R Square	Adjusted R Square
1	.461 <sup>a</sup>	.213	.190

The SPSS output above shows the R value is 0.461 or 46.1%. The output illustrates that the incentive variable in United Coconut Tina Indonesia has a strong relationship with work effectiveness.

## c. Coefficient Test and Determination

**Model Summary<sup>b</sup>**

Model s	R	R Square	Adjusted R Square
1	.461 <sup>a</sup>	.213	.190

The value of R Square in the regression analysis is 0.213 which means that the independent variable in this study (incentive) contributes to the dependent variable (the effectiveness of the work of employees) by 21.3% while 78.7% contributions are made by variables not examined in this research.

**Time and Place of Research**

This research has been conducted for more than 2 months in PT Coconut Tina Indonesia, North Minahasa.

**Discussion**

The aim of this research is to determine how much the influence of incentives on work effectiveness at PT United Coconut Tina Indonesia. The results were derived after analyzing the data from questionnaires using simple linear regression methods. The findings are:

1. The Incentive variable (X1) with a regression coefficient by 0.394 shows the tvalue is (3.033) > ttable (2.03693) and a significant level is 0.005 < 0.050. Therefore, Ho is rejected and Ha is accepted. Therefore, the Incentive variable significantly influences the work effectiveness variable. This proves that incentives have a good influence on the work effectiveness of employees at PT United Coconut Tina Indonesia.
2. Incentives have a relationship with the dependent variable (work effectiveness) by 0.461, or 46.1 while 53.9% is given by other variables not examined in this study. The output results illustrate how strong the relationship and the contribution of the independent variable to the dependent variable. According to M Sianungan (2011), mental is a factor able to encourage work effectiveness. Therefore, the importance of providing incentives greatly affects employee mentality in order to work optimally. This is in line with research of Mukazam (2014) stating that incentives significantly influence employee's work effectiveness.



## CONCLUSIONS

### Conclusions

The results from this study and published data support that there was a positive influence between incentives and work effectiveness. The incentive variable (X1) with a regression coefficient by 0.394 shows the tvalue is  $(3.033) > t_{table} (2.03693)$  and a significant level is  $0.005 < 0.050$ . Therefore,  $H_0$  is rejected and  $H_a$  is accepted. The conclusion is that the incentive variable significantly influences the work effectiveness variable. This proves that incentives have a good influence on work effectiveness of employees of PT United Coconut Tina Indonesia.

### Suggestions

1. Further research may add other variables related to work effectiveness.
2. PT United Coconut Tina Indonesia should pay more attention in providing incentives to enhance the employees' work effectiveness.

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