

Effect of Incentives and Work Environmental On Employee Performance with Employee Satisfaction as Intervening Variable in Pt Mitra Pinasthika Mustika Finance Jember

Eko Cahyono¹, Sri Wahyulelly Hana Setyanti², Deasy Wulandari³
¹²³(Master of Management, Economic and Business Faculty, Jember University, Indonesia)
Corresponding Author: Eko Cahyono

ABSTRACT: This research aims to examine the effect of incentives and work environments on job satisfaction and employee performance in PT. MitraPinasthikaMustika Finance Jember. The research design used was confirmatory research. The population of this study is employees of PT. MitraPinasthikaMustikaJember Branch amounts to 43 permanent employees. Researchers take a sample of 42 respondents. Researchers take Respondents using census sampling technique. Analytical tool used is Partial Least Square (PLS). The results of this study prove that incentives have a significant positive effect on job satisfaction. Work environment has a significant positive effect on job satisfaction. Incentives have a significant positive effect on employee performance. Work environment positively insignificant effect on employee performance. Job satisfaction has a positive effect on employee performance.

KEYWORDS: incentives, work environment, job satisfaction, employee performance

Date of Submission: 15-06-2018

Date of acceptance: 30-06-2018

I. INTRODUCTION

PT. MitraPinasthikaMustika is a finance company that aims to meet the needs of motor vehicles from the public. PT. MitraPinasthikaMustika has a goal to raise the standard of living for the community to be a better level than before. Purpose of PT. MitraPinasthikaMustika can be achieved if employees have a good performance. Mangkunegara (2002:67) explains that the performance of employees is the work of quality and quantity achieved by a person in performing its functions in accordance with the responsibilities given to him.

Employee performance can be affected by incentives, work environment and job satisfaction. According Sutrisno (2014:75) of job satisfaction is an emotional state that is pleasant or unpleasant for the employees view their work. Hasibuan (2008:117) argues that incentives are additional remuneration given to certain employees whose performance is above the standard achievement. This incentive is a tool used by the supporters of fair principles in the provision of compensation. Sunyoto (2015:38) explains that the work environment is a very important component when employees perform work activities. If the work environment is well considered it will create the motivation to work, it will have an effect on the performance of employees in the work.

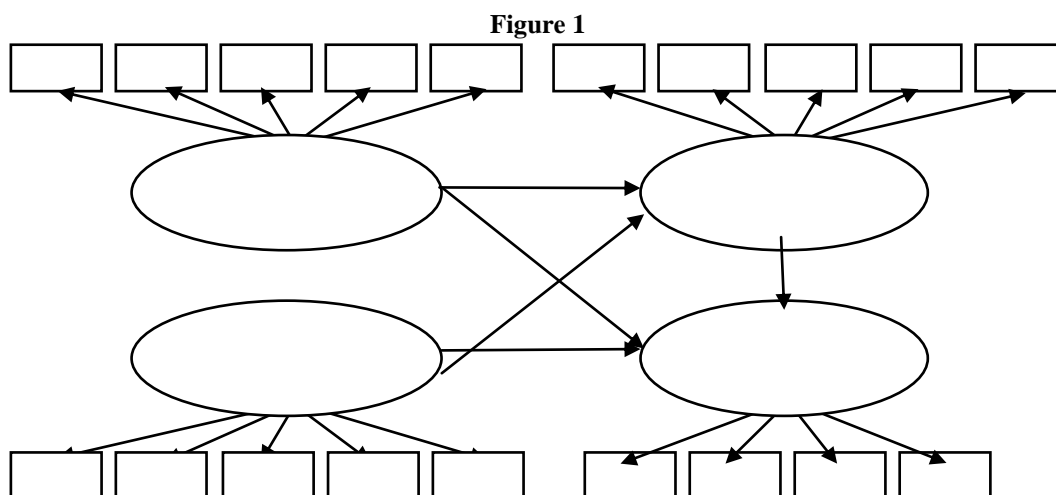
Diviani and Djastuti (2015) proved that incentives have a significant positive effect on employee performance. But Huang and Lai (2014) prove incentives have no effect on employee performance. Sukirman (2012) and Dhermawan et al. (2013) proves that the work environment has a significant positive effect on employee performance. But Ruscahyono (2014) proved the work environment has no effect on employee performance. Sukirman (2012), Dhermawan, et al. (2013) and Huang and Lai (2014) proved that job satisfaction has a significant effect on employee performance. But Ruscahyono (2014) proves job satisfaction has no effect on employee performance

The purpose of this research are: (1) Testing the effect of incentives on job satisfaction in PT. MitraPinasthikaMustika Finance Jember; (2) Testing the influence of work environment on job satisfaction at PT. MitraPinasthikaMustika Finance Jember; (3) Testing the influence of incentives on employee performance of PT. MitraPinasthikaMustika Finance Jember; (4) Examining the influence of work environment on employee performance of PT. MitraPinasthikaMustika Finance Jember; (5) To test the effect of job satisfaction on employee performance of PT. MitraPinasthikaMustika Finance Jember.

II. LITERATURE REVIEW

1.1. Conceptual Framework

Based on previous theoretical and research studies the conceptual framework in this research can be seen in



Gambar 1 Conceptual Framework

1.2. Hypothesis

Hypothesis is a provisional assumption based on previous research. Hypothesis in this research is:

- H₁: Incentives have a significant effect on job satisfaction
- H₂: Work environment has a significant effect on job satisfaction
- H₃: Incentives have a significant effect on employee performance
- H₄: Work environment has a significant effect on employee performance
- H₅: Job satisfaction has a significant effect on employee performance

III. METHODOLOGY

The research design uses confirmatory research. The population of this research is all employees who work in PT. MitraPinasthikaMustikaJember Branch, which is a total of 43 permanent employees. The researcher assigned 42 permanent employees as respondents. One permanent employee is not a respondent because the researcher is a part of permanent employees, this is done to maintain independensi.

The measurement indicators of the variables are described in Table 1.

Table 1 Indicators of Variables

Variable	Indicators
Incentives (X ₁)	Incentives according to employee performance Incentives according to length of service Incentives suited to the needs of employees Incentives are given by employee position
Work environment (X ₂)	The company has a flexible regulation Employees have good relationships with colleagues Employees have a good relationship with the leadership The company provides facilities for employees The workplace has good lighting
Job satisfaction (Y ₁)	Employees are satisfied with the salary earned Employees are satisfied with the work itself Employees are satisfied with the boss's attitude Employees are satisfied with co-workers Employees are satisfied with the promotion
Employee performance (Y ₂)	Employees are able to complete the work on target Employees are able to complete work on time Employees are able to use the work facilities provided Employees are able to complete the job without hel

Data analysis techniques in research using Partial Least Square (PLS) with SmartPLS software. Partial Least Square (PLS) in two-stage research: (1) The first stage is to outer the model, ie by performing the validity test of convergent, discriminant validity test and reliability test; (2) The second stage is to do the inner model by looking at the R-Square value and the path coefficient estimation.

IV. RESULTS AND DISCUSSION

1.3. Outer Model

Outer model has a function to know the validity and reliability of the model. Outer model has three test; convergent validity test, discriminant validity test and reliability test.

Convergent validity

The convergent validity is related to the principle that the measurements of a construct should be highly correlated. All indicators have a loading factor value greater than 0.05, it can be concluded that the indicator on each variable have a high correlation.

Table 2 Convergent Validity Results

Variable	Indicator	Loading Factor		Cut point	Results
Incentives (X ₁)	x1.1	0.517	>	0.5	Valid
	x1.2	0.849	>	0.5	Valid
	x1.3	0.772	>	0.5	Valid
	x1.4	0.636	>	0.5	Valid
Work environment (X ₂)	x2.1	0.759	>	0.5	Valid
	x2.2	0.652	>	0.5	Valid
	x2.3	0.509	>	0.5	Valid
	x2.4	0.669	>	0.5	Valid
	x2.5	0.822	>	0.5	Valid
Job satisfaction (Y ₁)	y1.1	0.642	>	0.5	Valid
	y1.2	0.868	>	0.5	Valid
	y1.3	0.723	>	0.5	Valid
	y1.4	0.592	>	0.5	Valid
	y1.5	0.715	>	0.5	Valid
Employee performance (Y ₂)	y2.1	0.712	>	0.5	Valid
	y2.2	0.687	>	0.5	Valid
	y2.3	0.824	>	0.5	Valid
	y2.3	0.758	>	0.5	Valid

Discriminant validity

Discriminant validity is related to the principle that different construct gauges should not be correlated with height. All variables have an AVE value greater than 0.5 then no indicator of different variables have a high correlation.

Table 3 Discriminant Validity Results

Variable	AVE		Cut point	Results
Incentives	0.597	>	0.5	Valid
Work environment	0.520	>	0.5	Valid
Job satisfaction	0.510	>	0.5	Valid
Employee performance	0.559	>	0.5	Valid

Reliability

Reliability test is performed to prove the accuracy, consistency and accuracy of the instrument in measuring the construct. All variables have a composite reliability value greater than 0.7, so the questionnaire is reliable.

Table 4 Reliability Results

Variable	Composite Reliability		Cut point	Results
Incentives	0.793	>	0.7	Reliabel
Work environment	0.777	>	0.7	Reliabel
Job satisfaction	0.837	>	0.7	Reliabel
Employee performance	0.834	>	0.7	Reliabel

1.4. Inner Model

Inner model aims to predict the relationship between latent variables (Ghozali and Latan, 2015:73).

Path Coefficient Estimation

Table 5 Path Coefficient Estimation

Model		Coefficient Value
Model 1	X ₁ → Y ₁	0,505
	X ₂ → Y ₁	0,436
Model 2	X ₁ → Y ₂	0,283
	X ₂ → Y ₂	0,174
	Y ₁ → Y ₂	0,617

Equations of model 1 and model2 are formed based on coefficient values are:

$$Y_1 = 0.505 X_1 + 0.436 X_2 \quad (\text{Model 1})$$

$$Y_2 = 0.283 X_1 + 0.174 X_2 + 0.617 Y_1 \quad (\text{Model 2})$$

In model 1, the incentive variable has a coefficient value of 0,505, the result proves that the incentive has a positive effect on employee job satisfaction, meaning that the higher the incentive given by PT MitraPinasthikaMustika (MPM) Finance, the employee's job satisfaction will increase. Work environment variable has value of coefficient 0,436, the result proves that work environment have positive influence to job satisfaction, meaning that better working environment atmosphere hence job satisfaction will increase.

R Square

Changes in R-Squares can be used to explain the effect of particular exogenous latent variables on endogenous latent variables whether they have substantive effects.

Table 5R SquareTest Results

Model	R Square
Model 1	0.562
Model 2	0.857

The R-Square value in model 1 is 0.562 indicating that model 1 is a moderate model. The incentive variable and work environment only have the ability to explain employees' job satisfaction of 56.2%.The R-Square value in model 2 is 0.857 indicating that model 2 is a strong model. Variable incentives, work environment and job satisfaction have kemampuan in explain employee performance equal to 85,7%.

In model 2, the incentive variable has a coefficient value of 0.283, the result proves that incentives have a positive effect on employee performance, meaning that the higher the incentive the employee performance will increase. Work environment variable has coefficient value 0,174, the result proves that work environment have positive influence to employee performance, meaning that the better working environment atmosphere in PT MitraPinasthikaMustika (MPM) Finance hence employee performance will increase. Job satisfaction variable has coefficient value 0.617, the result proves that job satisfaction has positive effect on employee performance, meaning that the higher job satisfaction of employee hence employee performance will increase.

Hypothesis Test

Table 6 Hypothesis Test Results

Variable	Direct Influence			Indirect Influence		
	t Statistics	Cut point	Result	t Statistics	Cut point	Result
X ₁ → Y ₁	4.113	> 1.96	Significant	-	-	-
X ₂ → Y ₁	3.727	> 1.96	Significant	-	-	-
X ₁ → Y ₂	3.113	> 1.96	Significant	3.705	> 1.96	Significant
X ₂ → Y ₂	1.520	< 1.96	Significant	2.439	> 1.96	Significant
Y ₁ → Y ₂	5.892	> 1.96	Significant	-	-	-

- a. The first hypothesis has a statistical t value greater than 1.96 indicating that the incentive variable has a significant effect on job satisfaction.
- b. The second hypothesis has a statistical t value greater than 1.96 indicating that work environment variables significantly affect employee job satisfaction.
- c. The third hypothesis has a statistical t value greater than 1.96 indicating that the incentive variable has a significant effect on employee performance.
- d. The fourth hypothesis has a statistical t value less than 1.96 indicates that the work environment variable has no significant effect on employee performance.
- e. The indirect effect indicates a statistical t value greater than 1.96, proving that job satisfaction is significant in mediating the effect of incentives on employee performance. Job satisfaction variable is also significant in mediating the influence of work environment on employee performance.

V. CONCLUSION

Based on testing data analysis that has been done, it can be concluded as follows: (1) Incentives have a significant positive effect on job satisfaction, these findings indicate the higher incentives provided by MPM Finance then employee job satisfaction will increase; (2) Work environment has a significant positive effect on job satisfaction, this finding shows the better atmosphere of working environment in MPM Finance hence the employee's satisfaction in doing the job will increase; (3) Incentives have a significant positive effect on employee performance, these findings indicate the higher incentives provided by MPM Finance then employee performance will increase; (4) Work environment has no significant effect on employee performance; (5) Job satisfaction has a significant positive effect on employee performance, these findings indicate that the higher employee satisfaction, the employee performance will increase.

Researchers have suggestions for the management of PT MitraPinasthikaMustika (MPM) Finance and subsequent researchers; (1) MPM Finance is advised to provide incentives for transparent incentives to employees, as employees feel that incentive calculations have not been transparent, so they suspect incentives of misappropriation. Incentive calculations can be submitted through briefings, training or through special books; (2) The next researchersuggested to increase the number of respondents for the results of research can be more representative or representative of the population. The number of respondents can be added by taking samples in several MPM Finance Branches.

REFERENCES

- [1]. Diviani, GracetiaraMeraand Indi Djastuti. AnalisisPengaruhInsentifTerhadapKinerjaKaryawan denganKepuasanKerjaSebagaiVariabelMediasi (StudiPadaKaryawan Perusahaan Air MinumKabupatenJepara). *Diponegoro Journal Of Management*, 4(2), 2015.
- [2]. Ghozali, Imam and HengkyLatan. Partial Least Square :Konsep, TeknikdanAplikasiSmartPLS 2.0. (Semarang, BadanPenerbitUniversitasDiponegoro, 2015).
- [3]. Hasibuan, Malayu S.P. ManajemenSumberDayaManusia: Pengertian, Dasar, Pengertian, danMasalah (Jakarta, BumiAksara, 2008).
- [4]. Huang, Su-Ming and Wen-Hsiang Lai. A Study of the Effect of Incentive System on Job Performance- Locus of Control as a Moderator. *The Journal of International Management Studies*, 9(1), 2014.
- [5]. Ruscahyono, Hesthi. PengaruhLocus of Control danLingkunganKerja TerhadapKinerja Guru SMKN 4 KlatendenganKepuasanKerjaSebagaiIntervening. *JurnalAktual*, 1(2), 2014.
- [6]. Dhermawan, AnakAgungNgurah B., I GdeAdnyanaSudibyadan I WayanMudiarthaUtama. PengaruhMotivasi, LingkunganKerja, Kompetensi, danKompensasi TerhadapKepuasanKerjadanKinerjaPegawai di Lingkungan Kantor DinasPekerjaanUmumProvinsi Bali. *JurnalManajemen, StrategiBisnis, danKewirausahaan*, 6(2), 2012.
- [7]. Mangkunegara, Anwar Prabu. ManajemenSumberDayaManusia (Bandung, PT RemajaRosdaKarya, 2002).
- [8]. Sukirman. Improving Employees' Performance Through Work Environment, Leadership, and Organization Cultures to Create Work Satisfaction at PT. Sukun Kudus. *Jurnal CBAM*, 1(1), 2012.
- [9]. Sunyoto, Danang. ManajemendanPengembanganSumberDayaManusia (Yogyakarta, CAPS, 2015).
- [10]. Sutrisno, Edy. ManajemenSumberDayaManusia (Jakarta, Kencana, 2010).

Eko Cahyono " Effect of Incentives and Work Environmental On Employee Performance with Employee Satisfaction as Intervening Variable in Pt Mitra Pinasthika Mustika Finance Jember." *International Journal of Business and Management Invention (IJBMI)* , vol. 07, no. 06, 2018, pp. 13–17.