

EMPLOYEE PERFORMANCE : WAGE ANALYSIS OF INCENTIVES AND EMPLOYEE WORK ABILITY

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Abstract: *This study was intended to determine the effect of incentive wages and employees work ability toward employee performance in the Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP). The method used in this study is a quantitative method with a sample of 35 respondents or employees. The analysis technique uses statistical analysis, instrument test, classical assumption test, statistical test with linear regression testing, determination and t test and f test. The results of this study that the incentive wage variable has a significant effect on employee performance of $(3.632 > 2.036)$ with a significant level of $0.001 < 0.05$. The employee's work ability variable has a significant effect on employee performance $(4.454 > 2.036)$ with a significant level of $0.000 < 0.05$. Incentive wages and employee work ability simultaneously have an effect on employee performance $(15,427 > 3,28)$ with a significance level of $0.000 < 0.05$.*

Keywords: *Incentive Wages, Employee Work Ability, Employee Performance*

1. Introduction

Business competition can occur in various companies that already have advantages in their respective fields. In addition to strategic advantage, the superiority of human resources (HR) of a company is the key to the success of an organization or company. The success of the company cannot be separated from the role of human resources. The better the performance of the company's human resources, the better the company's performance.

Employee performance can be explained as the quality and quantity of work achieved by employees in carrying out their duties (Mangkunegara, 2013). Having excellent employees is very much needed by the company. The hope is that if employees do their job well, the company's goals will be easily achieved.

Various factors can affect employee performance, including: Incentive wages are considered to have an impact on improving employee performance (Hasibuan, 2017), and good training will also improve employee work skills, resulting in good performance (Triasmoko, 2014) and work competence. which will reflect the employee's ability to deal with his work, the better the employee's ability, the easier it is for him to complete the work and produce good performance (Mangkunegara, 2013).

Incentive wages are part of the form of compensation. Compensation is all income received by employees, either directly or indirectly, in the form of money, goods, in return for

services provided to the company (Hasibuan, 2017). Compensation is determined by the company based on a two-party agreement between the company and the employee, who has a system of remuneration, remuneration, incentives and other benefits that, in some cases, link compensation to performance levels. The provision of incentive wages is important because then employees will be able to meet their basic needs, both primary, secondary and tertiary needs. The fulfillment of these needs often ultimately determines the morale and quality of work of employees, which in turn affects their performance.

In addition to providing wage incentives, employee performance can also be improved by increasing their ability to work. The work ability of a good employee will be reflected in the way the employee completes his work. The smaller the difficulty in completing the work, the better the work ability. Conversely, the more difficulties faced in completing the work, it can be concluded that the employee does not have the ability to work. good. According to Hamali (2018), the better the employee's ability to work, the better the performance it produces.

The subjects of this study were employees of the Artha Guna Sejahtera Ponorogo Savings and Loans Cooperative (KSP). This object was chosen based on observations made by researchers when they found problems related to the performance of the Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP) employees. These problems include decreased employee performance, such as employees unable to complete their duties on time, low ability of employees to carry out their work independently, and perceived work results that do not meet the work standards set by the company. The decline in performance is suspected to be compensation policies and employees' employment related to low skills.

Based on the explanation described above, the authors are interested in conducting research with the title "Organizational Development: Analysis of Incentive Wages and Employee Work Ability".

2. Literature Review

Incentive Wages

According to Farida (2016), incentive salaries are additional payments given to employees whose performance is above the norm. This incentive wage is a tool used to provide compensation in support of the principle of justice. It can be concluded that with incentive payments, two people or employees in the same position can be paid differently based on work performance, with the same basic salary but only different achievements.

According to Notoadmojo (2012), to measure incentive wages, several indicators are used, including the following:

1. Ensure fairness,
2. Appreciate work performance,
3. Retaining employees,
4. Comply with the rules,
5. Cost control.

Employee Work Ability

Ability is an element of maturity and relates to knowledge and skills that can be obtained from education, training and experience. Competence is closely related to a person's physical and mental ability to do work, not what he wants to do.

According to Robbins (2015), ability is an individual's ability to perform various tasks in his work. Competence is the potential that exists within a person that allows someone to do a job or not.

According to Robbins (2015) to measure the work ability of employees through several dimensions, including:

1. Ability to work,
2. Education,
3. Working period

Employee Performance

Kiruja and Mukuru (2013) in Sugianto, et.al. (2020) state that human resource performance is a function of ability and motivation, where ability consists of the skills and resources needed to perform tasks, while motivation is described as an inner force that drives individuals to act towards something.

According to Mangkunegara (2013), employee performance is the result of the quality and quantity of work achieved by an employee by carrying out the tasks assigned to him. Rivai and Sagala (2014) argue that employee performance is the actual behavior of each employee based on his role in the company. A detailed description is the overall result of a person's performance of a task over a certain period of time.

According to Bernardin & Russel (2013) to measure employee performance through several indicators, including the following:

1. Quality and Quantity,
2. Punctuality,
3. Cost effectiveness,
4. The need for supervision,
5. Interpersonal influence.

Hypotheses Development

Incentive Wages towards Employee Performance

Encourage employees who receive incentive wages to work actively and improve performance. The provision of decent salary incentives is closely related to the seriousness of the employee's work. The better the incentive salary that employees receive, the better the performance they want to produce in order to continue to achieve good work performance.

This is in accordance with the findings of Natika (2018), where he found that providing incentives that are considered appropriate by employees will be able to increase employee morale and thus have a positive impact on improving employee performance. Based on this description, the first hypothesis proposed in this study is as follows:

H1: Assume that incentive wages affect employee performance

Employee Work Ability Towards Employee Performance

Work ability reflects the employee's mastery of his work. The better his work ability, the easier it will be for him to get the job done. Therefore, work ability plays an important role in assisting employees in completing their work. When a company offers a job that is not in accordance with the employee's ability to do the job, then the job cannot be done well.

Research conducted by Auw (2016) found that employees with good job skills will be able to work well and thus easily produce good performance at work.

Based on this description, the second hypothesis proposed in this study is as follows:

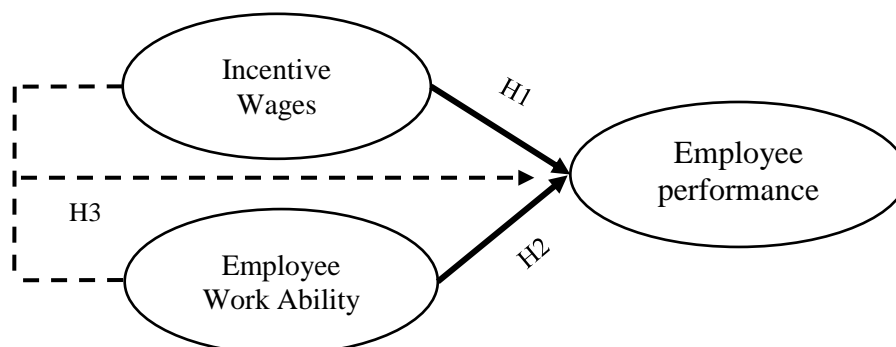
H2: Assume that employee's ability to work affects employee performance

Incentive Wages And Employee Work Ability On Employee Performance

As discussed in the explanation of pay for performance, an employee's job skills play an important role in improving employee performance. When an employee's performance pay and job skills are seen as good, an employee can perform well and lead to continuous performance improvement.

Based on this description, the third hypothesis proposed in this study is as follows

H3: Assume that incentive wages and employee's ability to work affects employee performance



Picture 1. Research Thinking Framework

3. Research Method

Population according to Sugiyono, (2017) states: "Population is an area of generalization including: Quantitative objects/subjects and some characteristics that are definitely investigated by researchers, so get conclusions. The population in this study were all employees who worked in the Savings and Loans Cooperative (KSP) with a total of 35 people.

In this study using a non-probability sampling technique, namely saturated sampling. According to Sugiyono (2017) the saturated sample is a sampling technique if the population is used as a sample. This is done when the population is relatively small.

Therefore, in this study, the entire population was used as a sample, namely all employees who worked in the Ponorogo Savings and Loans Cooperative (KSP) with a total sample of 35 people.

In this study, to collect data using a questionnaire. Questionnaires are a way of collecting data by submitting written questions or statements to be answered by respondents, so that researchers get field data to answer research problems and test established hypotheses. as for the results of the questionnaire data will be analyzed by T test, F test and coefficient of determination.

4. Results and Discussion

Results

After testing the validity and reliability of the data, a multiple linear regression test is then performed implement. In addition, in order to test the multiple linear regression equation, it can be seen that the regression equation $Y = a + b_1X_1 + b_2X_2 + e$ in the following table:

Table 1. Multiple Regression

Model	Coefficients ^a			
	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
1 (Constant)	3.272	3.076	1.063	.296
Incentive wages	.413	.114	3.632	.001
Employee work ability	.378	.085	4.454	.000

a. Dependent Variable: *employee performance*

Source: Primary Data processed by SPSS 20.0. 2022

Based on the results of the t-test test in the table above, the t-table value is 2.036. The following is a review of the results of the t test as follows: Based on the results of the t-test of the incentive wage variable, the value of T count > T table or (3.632 > 2.036), it can be concluded that incentive wages have an effect on employee performance. Based on the results of the t-test of the work ability variable, the value of T count > T table or (4,454 > 2,036), it can be concluded that work ability has an effect on employee performance.

Then the F test will be carried out, which can be seen in the table of the following analysis results:

Table 2. F Test

Uji ANOVA ^b			
Model	Mean Square	F	Sig.
1 Regression	41.515	15.427	.000 ^a
Residual	2.691		
Total			

a. Predictors: (Constant), Employee work ability, Incentive wages

b. Dependent Variable: *employee performance*

Source: Primary Data processed by SPSS 20.0. 2022

Based on the results of the f test in the table above, the calculated F value > F table or (15,427 > 3.28), thus the proposed variable that there is a significant influence between incentive

wages and employee work ability on employee performance. This can answer hypothesis 3 that there is a significant effect of incentive wages and employee work ability on employee performance.

After the F test is carried out, it will be continued with the coefficient of determination (R square). As for the results of the analysis of the coefficient of determination, we can see in the following table:

Table 3. R Square (Coefficient of Determination)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.701 ^a	.491	.459	1.64044

a. Predictors: (Constant), Employee work ability, Incentive wages

Source:
Primary Data

processed by SPSS 20.0. 2022

Based on the results of the coefficient of determination test in the table above, the R Square value of 0.491 means that the contribution of the employee performance variable: through incentive wages and work ability is 49.1% while the remaining 50.9% is from the influence of other variables that have not been studied.

Discussion

Incentive Wages towards Organizational Development

Based on the results of previous data, it can be explained that incentive wages have a significant effect on employee performance with a coefficient of determination of 49,1%. the submission of the incentive wage variable obtains a value of t count > t table or (3.632 > 2.036). Thus the hypothesis of the proposed incentive wage variable has a significant effect on organizational development in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP). This is in line with Farida's (2016) statement, incentive payments are additional compensation given to certain employees whose performance is above the norm. This incentive wage is a tool used to provide compensation in support of the principle of justice.

Employee Work Ability Towards Organizational Development

According to Robbins (2015), competence is an individual's ability to perform various tasks in his work. Competence can also be interpreted as the potential of someone who is able to complete the job.

Based on the results of previous data, it can be explained that the ability of employee work has a significant effect on employee performance with a coefficient of determination of 49,1%. the submission of the employee work ability variable obtains a value of t count > t table or (4,454 > 2,036). Thus the hypothesis is that there is a significant influence between employee work ability on employee performance in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP).

Incentive Wages And Employee Work Ability On Organizational Development

Based on the results of previous data, it can be explained that incentive wages and employee work ability simultaneously have a significant influence on employee performance in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP) with a contribution of 49.1% while the remaining 50.9% is due to the influence of other factors. Hypothesis testing of independent variables (incentive wages and work ability) simultaneously obtained $F_{count} > F_{table}$ or $(15,427 > 3,28)$. This is in line with the results of research conducted by Pratama, A. A. N., & Wardani, A. (2017) and Anggriawan, K. H., et.al. (2015) which explain employee incentives and work abilities can affect employee performance in an organization or company.

The contribution of the variable incentive wages and employee work ability to employee performance is the coefficient of determination of 49.1%. the rest is influenced by other variables of 50.9% which were not examined in this study. Thus, the hypothesis of the incentive wage variable and the employee's work ability proposed to have a significant effect on employee performance is accepted.

5. Conclusion

Based on the results of the analysis and discussion in the previous chapter, it can be concluded that study plots as follows: 1) Incentive wages have a significant influence on employee performance in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP) with a contribution of 49,1%. The hypothesis test of the incentive wage variable was obtained that the value of $t_{count} > t_{table}$ or $(3.632 > 2.036)$. 2) Employee work ability has a significant influence on employee performance in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP) with a contribution of 49,1%. Hypothesis test of employee's work ability variable obtained by $t_{count} > t_{table}$ or $(4,454 > 2,036)$. 3) Incentive wages and employee work ability simultaneously have a significant influence on employee performance in Artha Guna Sejahtera Ponorogo Savings and Loan Cooperative (KSP) with a contribution of 49.1% while the remaining 50.9% is due to the influence of other factors. Hypothesis testing of independent variables (incentive wages and work ability) simultaneously obtained $F_{count} > F_{table}$ or $(15,427 > 3,28)$.

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