

## Implementation of Rewarding Strategies in the Form of Incentives at PT. Indonesian Earthworks

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### Abstract

*This final project aims to determine the application of a reward strategy in the form of incentives to increase employee motivation at PT. Indonesian Earthworks. Rewards are incentives or motivations to develop the performance achieved by individuals, usually in the form of financial, namely the provision of incentives, allowances, bonuses, and commissions. The study concluded that providing rewards in the form of incentives under the work performance that has been sacrificed could make every employee work well. In other words, there is motivation to work harder, and it will increase profits for the company. The author suggests that companies apply a strategy of giving rewards in the form of incentives to increase employee motivation and personal development (personal growth) to achieve the company's targets.*

### Keywords

reward; incentive; work motivation



## I. Introduction

Rewards are incentives or motivations to develop individual performance, usually in financial incentives, benefits, bonuses, and commissions other than the salary set.

Rewards can also be interpreted as a form of gifts given to workers who have specific abilities that have benefits for the company or group in the form of financial or non-financial, which aims to develop the spirit, motivation, and commitment of workers or can influence other workers to carry out something. Better, then create a positive competition between employees. The form of effective rewards is the provision of incentives and benefits because good results must be given an appropriate commission. It is more effective than giving bonuses at the end of the year.

PT. Karya Hasil Bumi Indonesia is one of the companies engaged in the form of aquaculture in the area of Karawang Regency, West Java Province, the problems that occur in PT. The works of Bumi Indonesia are 1). The income received by employees is only limited to standard salaries based on attendance, 2). There is no reward or award for employees who excel or achieve company targets. Based on the background that has been described, the indicator of the problem of this final project is the application of rewards in the form of incentives at PT. Karya Hasil Bumi Indonesia has not been able to increase the work motivation of its employees. A previous study conducted by Aldila Saga stated that the application of giving rewards in the form of incentives helps increase employee motivation.

## II. Research Method

The research method used in this study is a qualitative descriptive method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library study) refer to sources available online and offline, such as scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one piece of information to another. Data collection techniques used in this study were observation, interviews and research. This data is analyzed, and then conclusions are drawn.

## III. Discussion

### 3.1 Fairness and Proper Theory

People evaluate the fairness of their situation by comparing it to situations accepted by others. According to this theory, people (P) compare the ratio of perceived outcomes (O) (i.e. salary, benefits, and working conditions) to inputs (I) (i.e. effort, ability, experience) with the ratio of other people's comparisons (o).

### 3.2 Theory Expected

Expectancy Theory also focuses on the relationship between rewards and behaviour. However, the emphasis of this theory is on rewards (and not experience). In other words, this theory focuses on the effect of incentives.

### 3.3 Reward Indicators

- a. Achieved performance; The better the performance, the more an employee deserves a reward. Performance achievement can be assessed based on the output provided by employees.
- b. Loyalty; The more loyal an employee in a company is, the more worthy the employee is to get a reward. Employee loyalty can be assessed based on the length of service and contribution to the company.
- c. Spirit at work; The spirit of employees in achieving the company's targets should be appreciated through rewards. Employee morale can be assessed based on attendance data and dexterity at work.

In order to improve employee performance and keep it in good condition, the company will motivate employees in the form of incentives. This is one of the factors that have the most significant impact on employees because incentives are what companies give to specific employees based on their work performance. Incentives are incentives given to certain employees in the form of bonuses or allowances based on work performance (Wasis, 2018). Incentive indicators, according to Hariandja (2002), are:

1. Motivation booster is a way for companies to provide incentives/incentives to motivate and support the work of their employees to work harder, either in the form of material or money.
2. Remuneration, that is, employees will be more enthusiastic about improving work performance to get these incentives so that the company's goals are expected to be adequately realised and smoothly.
3. Rewards, namely, for an incentive to motivate employees, the available rewards must be attractive. They must be provided in direct proportion to increased work

performance. Because the needs of each person are different, the attractiveness of incentives is not the same.

4. Career path, that is, if employees have had a reasonable period of service, have brilliant achievements and have contributed to the company, the company can provide promotions.

Hasibuan's Incentive Wage Theory (2012) Incentive wage theory is:

1. Piece Rate
  - a. Wage per piece proportional
  - b. Pay per piece Taylor
  - c. Wage per piece group
2. Time Bonuses are divided into two, namely:
  - a. Incentives based on time saved include the Hasley Plan and the 100%-time incentive plan.
  - b. Incentives based on processing time include the rowan plan and Emerson plan.

### **3.4 Purpose of Giving Rewards**

The purpose of giving incentives Wangso and Harsono (2012) show that the primary function of providing incentives is to provide responsibility and encouragement to employees. Incentives ensure that they will work towards achieving organizational goals. The purpose of providing incentives can be more specifically divided into two groups, namely:

- a. For Companies

The purpose of implementing incentives within the company, especially in production activities, is to increase productivity so that employees feel:

- Work more passionately and quickly.
- Work more disciplined
- Work more creatively

- b. For Employees

The existence of incentives for employees to benefit from productivity standards can be measured quantitatively, the productivity standards above can be used as a basis for providing remuneration, which is measured in terms of money, and employees must be more active to receive more money.

Providing incentives following the work performance that has been sacrificed will result in every employee working well. In other words, there is motivation to work harder, and it will increase profits for the company. According to (Rozalia et al., 2015), Incentives are income earned by workers if they exceed the limits set by the employer/company. Based on the description above, there is an element of the relationship between providing incentives/incentives to motivation. These elements are:

#### **1. Based on Cooperation**

Incentives are generally implemented by companies that place workers as partners in carrying out their company activities by trusting each other, establishing two-way communication, and encouraging worker participation through harmonious and humane industrial relations. In this way, managers are always able to appreciate workers as subjects, who will have high work motivation if they get a sense of security and satisfaction at work, including providing adequate incentives

#### **2. Prioritizing the Employee Participation System**

Work implementation will be designed and carried out in a collaborative process that is directed at efforts to improve and increase productivity by teamwork. The simplest is the

manager, who is open to employee suggestions. With this kind of implementation, incentives are provided by using achievement or productivity levels to measure worker participation in the tasks and responsibilities entrusted to the organization.

### **3. Focus on Bonuses in the Form of Money**

The main incentive to motivate participation in the implementation of the work is determined in the form of money (Financial), deemed appropriate/adequate. The period of providing short-term incentives that are paid out of short-term profits as well.

### **3.5 Types of Rewards or Awards**

Based on the description above, various types of rewards can be classified. According to the form, the reward is given in the form according to Sinaga (2020):

1. Financial (performance allowance, bonus, incentive, salary increase, remuneration, study allowance, and the like).
2. Financial equivalent (office facilities, promotions, car facilities, housing, insurance, health, recreation, and the like).
3. Non-financial (vandals, charters, certificates, trophies, badges, and so on).

Based on the number of people who receive, rewards can be divided into four, namely:

1. Individual,
2. Small group,
3. Large groups, as well as
4. Mass or population

Based on the time of giving, rewards can be divided into:

1. Incidental (bonuses, incentives)
2. Semi-permanent (allowances, remuneration, children's scholarships, health insurance while working, car facilities, official housing); and
3. Permanent (old-age insurance, monthly pension).

Based on the cause, rewards can be divided into:

- Achievement rewards (obtained for being able to achieve specific work achievements).
- Structural rewards (obtained for occupying certain positions).
- Service period reward (obtained for reaching a certain period of service).

### **3.6 Reward Strategy**

A reward strategy is a statement that lays out what the company wants at length to improve and implement policies, practices, and rewarding processes that encourage the achievement of business goals and meet company needs.

The reward strategy provides goals and direction and a framework for advancing the company. This corresponds to the understanding or needs of groups and workers and how they can be best satisfied. It is also related to developing organizational values on how to reward employees and formulating basic principles that ensure that these values are implemented. The reward strategy is underpinned by a rewarding philosophy that expresses organizational trust that forms the basis for evaluating and rewarding employees. The philosophy of giving rewards is often known as the main principle.

In general, a reward strategy is a thought that can be implemented for the various reward problems that exist in an organizational group in order to find out how to generate value from it. In particular, there are arguments for improving the reward strategy; namely: It must have a purpose. How can the rewards given to employees who excel have a positive impact?

Salary expenditure in most groups of more than 60% should be interpreted as a long-term investment, in the sense that employees with high salaries and incentives do not leave,

resign, or move to other companies. Rewards, in a broad sense, are expected to improve performance. The real advantage of rewards to employees who perform well is expected to be an investment in HR that can support other resources.

### 3.7 Special Rewards Initiative

Reward initiatives are prioritized in efforts to improve the achievement of organizational goals. Below are examples of possible specific reward initiatives, one or more of which frequently appear in a reward strategy:

1. The replacement of payment methods based on the target group is based on the contribution size in achieving the target group.
2. Introduction of new measures and payment structures based on education level, years of service, competence, current performance, commitment and loyalty to the company.
4. Replacement of the existing job evaluation scheme using a computerized scheme in a way that more clearly describes the organization's values.
5. Improvement from the performance management process to performance-based management.
6. Development of a flexible reward system
7. Conduct *reviews* to ensure that pay is commensurate with the work.
8. The communication program is designed to inform all individuals of group reward practices and policies.
9. Programs of training, coaching, and mentoring are structured to develop the competencies of the managers.

### 3.8 Reward Strategy Development

Some of the keys to giving rewards are as follows:

1. Diagnostic phase. This phase is the initial phase to determine whether or not a performance should be rewarded. All performance results that will be rewarded are detailed so that organizations no longer need to think about whether a work result needs to be rewarded or not because everything has been arranged based on the results of the diagnosis. If the results of the diagnosis conclude that a performance achievement needs to be rewarded, then the reward can be given, but if the results of the diagnosis state that the award does not need to be given, then the manager does not need to force the will to give the reward.
2. Detailed design phase. This phase is designed for the reward, the award amount, the time of giving, and other details that need to be well designed.
3. Final test and implementation preparation phase. After careful consideration, the reward is ready to be tested and ready to be applied in the overall organizational environment

Implementation phase. This phase is a reward application phase accompanied by a *review* of the policies that have been used. If necessary, modifications are made to various weaknesses and shortcomings.

All of these steps, when it comes to company issues, need to be consulted and communicated with shareholders, including senior managers as decision-makers, so that the awards given are legal and do not deviate from the articles of association and by-laws of the company. The increase in the value of the company's shares, the higher the company value, the higher it will be (Katharina, 2021). In the current economic development, manufacturing companies are required to be able to compete in the industrial world (Afiezan, 2020). The existence of the company can grow and be sustainable and the company gets a positive image from the wider community (Saleh, 2019).



### **3.9 Work Motivation and Its Indicators**

#### **a. Theory and Concept of Motivation**

Work Motivation according to (Riniwati, 2016) (2009: 93)

"Motivation is an encouragement of needs in employees that must be met so that employees can adapt to their environment and achieve the goals that have been set. In other words, motivation is the energy to generate an impulse in oneself to achieve specific goals.

#### **b. Implication of Employee Work Motivation in Achieving Company Targets**

1. In providing work, the company should always provide clear targets to employees because the desire of employees to complete the tasks given under the targets that have been set is proven to increase employee motivation.
2. The company management can increase the award in the form of achievements, for example, in the form of jobs accompanied by clear targets so that employees will feel more challenged to complete them and their work motivation will increase.
3. To increase employee motivation, companies should give broader autonomy to employees in their work because with this autonomy, employees will feel freer to work and more trusted by the company, so employees will be more active in their work.
4. The personal development (personal growth) obtained by employees in carrying out their duties must also concern the company management in providing jobs to employees. For this reason, company management can provide new tasks that have never been done by employees to feel they are always finding new things at work.

#### **c. Motivation**

Indicators Work Motivation Indicators, according to (Rozalia et al., 2015), are as follows:

- a. Responsibility; Have a high personal responsibility for his work
- b. Work performance; Doing something/job as well as possible
- c. Opportunities For Advancement; Desire to get fair wages according to work
- d. Recognition of Performance; Desire to earn higher wages than usual.
- e. Challenging work; Desire to learn to master his work in his field.

### **3.10 Payroll Procedures**

- a. The financial administration staff recaps employee data, attendance and allowances received and then deducts the pieces. Then the data is submitted to the financial manager. After being approved by the finance manager and directors, salaries can be given to employees.
- b. The financial manager tested the correctness of the data submitted by the administrative staff and then submitted it to the board of directors for approval.
- c. The Board of Directors tests the correctness of the data submitted by the financial manager after the correct data has been approved and can be used for disbursement of employee salary funds.

### 3.11 Calculation of Employee Salaries

INCOME		
1.	Basic	salary
	xxx	
2.	Food & Transport	XXX
3.	Position	allowance
	<u>xxx</u> +	
		Gross amount
		xxxx
CUT		
1.	Income	tax
	xxx	
2.	Cooperative	debt
	xxx	
3.	Attendance	deductions
	<u>xxx</u> +	
		Number of deductions <u>xxxx</u>
		=
		Net
Amount	<u>xxxxx</u>	

Calculation of salary or income at PT. Karya Produk Bumi Indonesia is not much different from other companies in general. The basic salary is added to allowances and deducted from income deductions. Alternatively, it can be seen in the formula below:

The formula for calculating employee salaries

In the picture above, it can be concluded that employees only get regular income and are only distinguished from attendance.

### 3.12 Results of interviews

The interviews and direct observations of the employees of PT Karya Hasil Bumi Indonesia conducted by researchers showed several results to answer research questions. Analysis of employee performance at PT Karya Hasil Bumi Indonesia conducted by researchers through interview techniques with project field managers resulted in several points, including employee self-adjustment. In the application or work process carried out by employees, the level of adjustment is sufficient. Employees in the field have always worked at PT Karya Hasil Bumi Indonesia, so they are familiar with the work rhythm and standards that must be achieved. The adjustments made by employees are also assessed from adjustments to challenges. The majority of workers are long-standing and loyal workers, so they do not get into problems or get distracted by the challenges they get. The field manager also plays a vital role in being a medium between the office of PT Karya Hasil Bumi Indonesia to provide demands and challenges for progress and then convey work targets to workers in a *win-win solution* without burdening and harming either party. In addition, adjustments are also assessed from how employees utilize existing resources, both human resources and other resources. In this case, the role of sensitivity to the environment is highly valued. How do employees maximize resources so that work is effective and efficient? In

observations made by researchers, PT Karya Hasil Bumi Indonesia has been good at utilizing existing resources. This can be seen in several project leaders who *shuffle* a rotating work system to complement each other and make work time effective.

The absence of rewards obtained from employees either intrinsically (from within) or extrinsically (from outside) has not been fulfilled following the performance and performance of the employees. PT Karya Hasil Bumi Indonesia is open and supports the growth and development of employees who want to move forward and change. Encouragement from within yourself or rewards from yourself that are obtained by employees is also petrified in performance results such as feeling satisfied when achieving targets, always wanting to complete tasks according to the specified time and giving the best performance. However, rewards from the company are, for example, in the form of incentives. It cannot be felt by employees of PT. Indonesian Earthworks.

## IV. Conclusion

### 4.1 Conclusion

Based on the discussion on the problem of implementing the provision of rewards in the form of incentives at PT. From the previous work of Indonesian Earth Products, conclusions can be drawn, among others:

1. The amount of income received is influenced by several factors, including class, meal rates, number of work attendance, and others. Income. The most significant factor in determining the amount of income is the number of work attendance. However, this provision is less effective when used to measure employee performance in the company.
2. Because there is nothing that can motivate employee performance, it is necessary to add income in the form of rewards to employees in order to increase employee work motivation so that company targets can be achieved
3. Rewards in the form of incentives can motivate employees, so rewards must be attractive and provided directly to increase work performance because everyone is different. This is because the company provides rewards in the form of incentives, not only in the form of money but also in other facilities, such as promotions, to improve employee welfare. From the results of the study, it can be concluded that on this indicator, employees agree with the incentives provided and the rewards provided to motivate employees.

### 4.2 Suggestion

Suggestions can be conveyed by the author regarding implementing a reward strategy in the form of incentives at PT. Karya Products Bumi Indonesia, in order to increase employee motivation, includes:

- a. It is crucial for companies not only to apply financial compensation, which already has standard provisions but also to pay attention to giving appreciation to employees who have high achievements, create a relatively more comfortable work environment, provide suitable (enjoyable) work, receive incentive rewards so that they can be rewarded. Further, encourage employee motivation intrinsically.
- b. Companies need to increase transparency in setting policies, especially regarding payroll issues, so as not to cause conflicting perspectives among employees and ensure fairness in the right to receive compensation under employee contributions to the company.
- c. The provision of incentives should be based on targets achieved through performance, one of which can be done using Employee Performance Targets (SKP).



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