

REWARD SYSTEM ANALYSIS ON EMPLOYEE PERFORMANCE IMPROVEMENT

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ARTICLE INFO

Received:
May, 26th 2022
 Revised:
June, 13th 2022
 Approved:
June, 17th 2022

ABSTRACT

This research is motivated by the phenomenon of giving rewards that are not evenly distributed. The purpose of this study is to analyze the importance of the reward system in improving employee performance. This research uses a qualitative method with a literature review approach. The results of this study indicate that one form of reward is the provision of incentives. Incentives will enhance employee motivation in an effort to achieve the goal of improving performance. Motivation is an indicator that affects performance because it is an important driver that causes people to work is the need that must be met. Thus, through a reward system in the form of incentives, it can generate employee work motivation, where motivation is the main factor in improving employee performance so as to increase employee productivity and welfare.

KEYWORDS

Rewards, Performance, Employees



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INTRODUCTION

Starting in the 1990s, a new paradigm emerged, commonly known as the New Public Management/NPM (Akbar, 2015). The emergence of this paradigm is the result of sharp criticism directed at public sector organizations, which are often ineffective, ineffective, always losing money, poor quality, and poor innovation and creativity. NPM focuses on performance-oriented rather than policy-oriented public sector management. As a country that also wants to improve, Indonesia is trying to implement the NPM paradigm, although it is pessimistic about its ability to implement it (Simbolon, 2016). In Indonesia itself, the implementation of performance management in public sector organizations has actually

How to cite:	Dewi Andriani. (2022). Reward System Analysis on Employee Performance Improvement. Journal Eduvest. Vol 2(6): 1.102-1.107
E-ISSN:	2775-3727
Published by:	https://greenpublisher.id/

started since the issuance of Presidential Decree Number 7 of 1999 concerning Performance Accountability of Government Agencies (Pamungkas, 2012).

Human resource management is a field of management that specializes in the study of relationships and roles in organizations (Yusuf & Al Arif, 2015). This is because human resource management regulates the workforce in an organization to achieve organizational goals and employee job satisfaction. Human resource management can also produce good performance in the company through assessment, and provide remuneration to each member of the organization according to work ability (Daya, 1996)

Rewards is a set of policy systems developed by organizations to reward employees for their business value, skills, abilities and accountability to the organization. Rewards can be in the form of providing incentives to employees (Ria, 2018)

According to (Rachmawati, 2021), incentives are: "a form of performance-related payment that acts as profit sharing for employees". Meanwhile, according to (Iqram, 2019), incentives are compensation plans that link compensation with productivity. Motivation will increase employee motivation, strive to achieve the goals that have been set, employee job satisfaction, increase employee productivity, maintain employee loyalty and stability, improve employee discipline, create a good working atmosphere and relationship, increase employee creativity and engagement, and increase benefits and improve employee performance.

Performance is the result of work done by employees. According to Mangkunegara, performance is the result of the quality and quantity of work achieved by an employee while carrying out the tasks assigned to the employee (Fachrezi & Khair, 2020)

(Nurusshobakh, 2017) showed in a study that offering incentives affects employee performance. Talking about a performance, of course, cannot be separated from the productivity of HR (human resources). However, currently the reward system through incentives is only applied in a few companies. Based on the context of the problem that has been described, the authors believe it is important to focus on the factors that affect employee performance.

RESEARCH METHOD

The research method used in this study is a qualitative descriptive method. The type of data used in this research is qualitative data, which is divided into primary data and secondary data. Sources of data obtained through library research techniques that refer to resources available online and offline, such as: scientific journals, books, and news from trusted sources. These sources are gathered from discussions and links from one message to another. Data collection techniques used in this study were observation, interviews and research. Analyze data and draw conclusions.

RESULT AND DISCUSSION

A. Rewards

1. Understanding Rewards

According to Handoko (2011: 55), the award is a form of appreciation for efforts to obtain professional workers in accordance with the requirements of the position, and a balanced coaching is needed, namely efforts to plan, organize, use and maintain the workforce. in order to carry out tasks effectively and efficiently (Mora et al., 2019).

2. Function and Purpose of Reward

According to (Anwar, 2021), some of the bonus functions are as follows:

- a. Get more motivated and push yourself to make it happen.
- b. Give a sign to a stronger man.

c. Universal.

In accordance with the purpose of giving gifts, the purposes of giving gifts are as follows (Prambudi, 2021):

a. Attracting (stimulating) someone to want to join the company.

b. Retain existing employees to continue working with the company.

c. Provide more encouragement to retain employees. To achieve the desired company goals, the reward function must be carried out before the deviation occurs, so that it is more preventive in nature than the reward action that occurs after the deviation. Therefore, the purpose of giving rewards is to keep the results of implementing activities in accordance with the original plan, and actually implementing the rules and instructions that have been set, because a good reward will create a reward goal.

3. Reward Indicator

According to (Darwis, n.d.) the main indicators of the reward system consist of the following elements:

a. Incentive

In this case, incentives are a very important component of employee rewards, including additional financial compensation in the form of bonuses and stock awards (stock options or stock grants). Rewards for high performance can be given in the form of incentives or issuance of shares to employees.

b. Well-being

Benefits can be measured by value. The organization offers various employee benefit programs as incentives for work performance, such as: benefits, including employment benefits, structural benefits, health benefits, children's education benefits, family benefits, and old-age benefits. Official vehicles, private drivers, official residences and other work facilities. Spiritual benefits such as entertainment, holidays, worship packages, etc.

c. Career development

Career development is the prospect of future performance. Career development is important for employees who perform satisfactorily, so that employees are more valuable and able to provide better performance in the future. Career development gives excellent employees the opportunity to learn and improve their knowledge, skills and expertise.

d. Psychological rewards

Psychological rewards are critical to employee value, although they are difficult to measure. Good psychology can generate motivation and affect employee performance, and psychological rewards include giving trust, recognition, and praise.

B. Performance

1. Understanding Performance

There are various definitions according to experts related to employee performance. (Oktaviani & Darmo, 2017) defines performance as the result of work carried out by individuals or groups, such as work standards, goals set by normative guidelines over a certain period of time, standard operating procedures, standards, and defined functions. Or apply or apply to companies. Meanwhile, (Wibowo, 2013) argues that performance is a real behavior shown by everyone, and is a work achievement produced by employees according to their role in the company.

Therefore, performance can be said to measure a series of work results contributed by an employee, comparing the effort and time expended with the results achieved by the goals previously set by the company leadership.

2. Performance Indicators

According to Bangun (2012:233) an employee's performance appraisal, his work standards must be clearly measured and understood through:

a. Number of jobs

The amount of work produced by an individual or group as a standard of work. Every job has different requirements and therefore requires employees to fulfill these requirements with the appropriate knowledge, skills and abilities.

b. Quality of work

Every employee in a company must meet certain requirements to produce work of the quality required for a particular job. Every job has certain quality standards that employees must conform to. If the employee is able to do his job in accordance with the quality requirements demanded by the job, then his performance is good.

c. Punctuality

Certain types of work must be completed on time because they depend on other jobs. Thus, if one part of the work is not completed on time, it will hamper the work of the other part, thus affecting the quantity and quality profession.

d. Presence

Certain types of work require employees to work 8 hours a day, 5 days a week. Employee performance depends on the level of employee attendance.

e. Cooperation ability

For some types of work, two or more employees may be required to make adjustments, thus requiring cooperation between employees.

3. Factors Affecting Performance

According to Handoko (2001: 193), the factors that affect performance are:

a. Motivation

An important driver that drives people to work is a need that must be met. These needs are related to human nature to get the best results at work.

b. Job satisfaction

Job satisfaction reflects how a person feels about his job. This can be seen from the positive attitude that employees have towards their work and everything they face in the work environment.

c. Stress level

Stress is a state of tension that affects emotions, thought processes, and the current situation. Excessive stress can interfere with job performance by threatening a person's ability to deal with the environment.

d. Working conditions

The operating conditions that can affect performance are the workplace, ventilation and lighting of the workplace.

C. The relationship of giving rewards to employee performance

According to Mahmudi (2012: 187) the main indicator of the reward system. One form of reward is the provision of incentives. Incentives are a very important reward component for employees in this case including additional financial compensation in the form of bonuses and the provision of shares (stock options or stock grants). Rewards for high performance can be given in the form of incentives or giving shares to employees.

Incentives will increase employee motivation in an effort to achieve the goals that have been set, employee job satisfaction, increase employee productivity, maintain employee loyalty and stability, increase employee discipline, create a good working

atmosphere and relationship, increase employee creativity and participation, improve welfare employees, enhancing the employee's sense of responsibility towards their duties.

Motivation is an indicator that affects performance because it is an important driver that causes people to work is the need that must be met. These needs are related to human nature to get the best results in their work.

Thus, through a reward system in the form of incentives, it can generate employee work motivation, where motivation is the main factor in improving employee performance so as to increase employee productivity and welfare.

CONCLUSION

This research conclude that one form of reward is the provision of incentives. Incentives will enhance employee motivation in an effort to achieve the goal of improving performance. Motivation is an indicator that affects performance because it is an important driver that causes people to work is the need that must be met. Thus, through a reward system in the form of incentives, it can generate employee work motivation, where motivation is the main factor in improving employee performance so as to increase employee productivity and welfare.

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