

The Impact of Providing Material and Non-Material Incentives on Employee Work Motivation (Study on the Automotive Industry in West Bandung)

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Abstract.

Humans are the main mover in the company and employees are the company's main wealth so they must be maintained properly. To maintain these employees, the company must provide rewards other than wages/salaries in the form of appropriate incentives to improve welfare. The purpose of this study was to determine the impact of providing incentives, both material and non-material, on employee work motivation in an automotive industry located in West Bandung. This research is empirical research that is descriptive with a quantitative approach. The types of data used are primary data and secondary data. The method used in this study is the census method of 44 employees. The research instrument uses material incentives, non-material incentives and work motivation. Data analysis includes validity test, reliability test, classical assumption test, and hypothesis test with multiple linear regression as the analysis tool using SPSS version 25 for windows. Based on the discussion of the results of this study, it was concluded that material incentives and non-material incentives had a positive influence on employee motivation

Introduction

Employees are one of the most important production factors in a company. Without employees, the company will have difficulty in achieving its goals, because it is the employees who determine the progress of a company. In addition, with positive contributions from employees, the vision or goals to be achieved by the company can be achieved. To achieve these goals, highly motivated employees are needed, therefore knowledge of how to direct employees properly so that they can work optimally. One of the company's management concerns to employees can be in the form of providing appropriate incentives so that they can motivate employees' work and, in the end, can affect their work performance [1]. The provision of appropriate incentives is expected to improve welfare as well as a form of job protection for employees. In carrying out the tasks assigned to him.

In addition, the provision of incentives will be able to provide an impetus for employees to be able to improve work performance with higher and better results, so that work results can be improved and in the end the company's goals will be achieved. Incentives are any compensation given to employees beyond the wages and salaries they receive because employees work better. Incentives that can be given are in the form of material incentives and non-material incentives. This means by providing incentives to offer employees to be able to achieve better results by working more diligently and conscientiously. With this incentive, employees will compete to improve the achievement of work results, so that employees will get greater results from what they do.

The impact of providing incentives properly can be beneficial for both employees and the company. Where for employees, they feel that they have a big role and make themselves feel needed by the company. Meanwhile, for companies, the provision of incentives can be used as a medium for employees to excel. So that the company's goals can be achieved as much as possible. Incentives can be a stimulant or a driver for employees, incentives have a very vital role in the management and maintenance of human resources in the company. Providing fair and appropriate incentives by the company's management can provide work encouragement which in turn affects work motivation in carrying out its duties and responsibilities to achieve company goals.

To improve service, of course, this industry also pays attention to matters relating to the provision of incentives and non-incentives which ultimately lead to increased employee motivation. The application of incentives and non-incentives is used to complement the existing compensation system. Providing incentives and non-incentives to employees is expected to provide great benefits for employees, especially in increasing work motivation. Because the provision of incentives and non-incentives is a form of encouragement to motivate them to work better in accordance with their respective fields. According to the description, the authors are interested in knowing the effect of providing incentives, both material and non-material, on the work motivation of employees in the automotive industry located in West Bandung.

Literature Review

Incentive

[2] According to, incentives are rewards in the form of money given to those who can work beyond predetermined standards. Furthermore, [3] states that incentives are a form of money given by organizational leaders to employees so that they work with high motivation and excel in achieving organizational goals as an acknowledgment of work performance and employee contributions to the organization. The relation with [4] states that the notion of incentives is additional remuneration given to certain employees whose achievements are above standard achievements. [5] states that an incentive is an increase in salary that is awarded to an employee at a time specified in the form of a higher basic salary, usually based exclusively on individual performance. [6] According to incentives are attempts to link tangible rewards given to employees for performance that exceeds expectations.

Material Incentive

Material incentives are incentives given to employees based on their work performance in the form of money and goods, [7]. The same thing [8], Material incentives are incentives given to employees based on their work performance, in the form of money or goods. This material incentive has economic value so that it can improve the welfare of employees and their families. Furthermore, [9] states that material incentives are stimulants given to employees based on their work performance, in the form of money or goods. Material incentives have economic value to improve the welfare of employees and their families. **The indicators for material incentives consist of:** Bonuses; Commission; Deferred compensation (pensions, contractual payments); Incentives in the form of social security (free treatment, sick leave and maternity leave while still getting paid).

Non-Material Incentive

[8] According, non-material incentives are incentives given to employees in the form of awards or confirmations based on their work performance, such as certificates, trophies, or medals. Another thing is confirmed by [10] that non-material incentives are related to satisfactory working conditions.

The indicators for non-material incentives are as follows: Workplace; Working hours; Jobs that match the skills of the workers; Working relationship between employees; Health insurance; Promotion; Complaints; Entertainment; Relationship with superiors.

Motivation

There are several definitions of motivation put forward by experts, including according to [11], Motivation can provide energy that drives all existing potential, creates high and noble desires, and increases togetherness. [12] states that motivation means a condition that encourages or causes someone to do an action (activity). [13] states that motivation is a condition that moves employees to be able to achieve the goals of their motives. Meanwhile, according to [14] suggests that motivation is a process in which a person's efforts are energized, directed and sustainable towards the achievement of a goal. Motivation is the drive possessed by individuals that stimulates them to act in achieving the expected goals.

The indicators to determine the level of work motivation of employees are:

- 1) Physical needs: salary, bonus, food allowance, transportation fee, and so on.
- 2) The need for security and safety: work security and safety facilities, including the existence of social security for workers, pension funds, health benefits, accident insurance, and work safety equipment.
- 3) Social needs: interacting with other people, including to be accepted in the group and the need to love and be loved.
- 4) The need for appreciation: recognition and appreciation based on their abilities, namely the need to be respected and appreciated by other employees and leaders for work performance.
- 5) The need for self-realization, addressed by the nature of the work that is interesting and challenging, where the employee will mobilize his skills, abilities, and potential, through education and training.

Previous Research

The results of the research [10], that the effect of material incentives and non-material incentives on employee performance with work motivation as a mediator variable shows that the provision of incentives is highly approved by permanent employees in increasing work motivation and employee performance, this is supported by research variables which has a positive and significant effect. followed by the results of [16] The effect of incentives on employee work performance with a mediator variable of work motivation. The results show that employee incentives have an indirect effect on employee performance through employee work motivation, [17] research results, that material incentives and non-material incentives simultaneously have a significant effect on employee work motivation, and there is a significant influence between material incentives and non-material incentives together on employee motivation [18].

3. Method

The type of research used in this research is descriptive quantitative. The purpose of this research is to make a systematic, factual, and accurate description, picture or painting of the facts, characteristics and relationships between the phenomena being investigated. The sample in this study were 44 people.

3.1 Data analysis techniques used

- 1) Descriptive analysis that describes the data that has been collected as it is and then presented in the form of tables and percentages.
- 2) Analysis Multiple regression analysis to state how much influence the rise and fall of the value of the dependent variable on two or more independent variables.

3) Hypothesis Testing is the Partial Test (t test) which is used to determine the effect of the independent variables on the dependent variable. and Simultaneous Test (F test) is used to test the hypothesis simultaneously between the independent variables on the dependent variable in the multiple regression model.

3.2 Regression Analysis

Regression coefficient analysis is basically a test of the degree of significance of the relationship and the magnitude of the influence of the independent variable (independent) on the dependent variable (dependent). This test can be done in two ways, first with the F test which is used to determine the magnitude of the regression coefficient or test the level of significance of the two independent variables on the dependent variable, while the second way is by looking at the partial regression coefficients that can be used to determine the level of influence of each independent variable to the dependent variable. From the results of calculations using the computer program SPSS version 25 for windows, the regression equation can be obtained in table:

Table 1. Multiple Linear Regression

Variabel	Unstandardized Coefficients	t	Sig.	description
	B			
(Constant)	2.494	.889	.379	
Material Incentives	.366	3.281	.002	Significant
Non-Material Incentives	.411	7.954	.000	Significant
<p>R = 0,818 <i>R Square</i> = 0,904 <i>Adjusted R Square</i> = 0,809 F_{Count} = 3,281 F_{table} = 7,954 Sig. F = 0,000 α = 0,05</p> <p>Description: - Amount of data 44 - Value t_{table} : 2,000 - Dependent variable: Work Motivation</p>				

From table 1. the regression equation is obtained: $Y = 2.494 + 0.366X_1 + 0.411X_2$

Based on the results of these equations, it can be explained as follows:

- 1) Constant (a) = 2.494, indicating the amount of work motivation, if material incentives and non-material incentives are zero, then the amount of work motivation is 2,494
- 2) The regression coefficient for material incentives (b1) is 0.366, indicating the magnitude of the effect of material incentives on work motivation, the regression coefficient is positive, indicating that material incentives have a direct effect on work motivation, which means that any increase in material incentives will cause an increase in work motivation.

3) The regression coefficient for non-material incentives (b_2) is 0.411, indicating the magnitude of the effect of non-material incentives on work motivation. The regression coefficient is positive, indicating that non-material incentives have a direct effect on work motivation, which means that any increase in non-material incentives will lead to an increase in work motivation.

The correlation coefficient (R) is 0.904; shows that there is a strong relationship between material incentives and non-material incentives with work motivation of 90.4%. This relationship can be categorized as strong, as it is known that a relationship is said to be perfect if the correlation coefficient reaches 100% or 1 (either with positive or negative numbers).

The results of the multiple linear regression analysis above, the coefficient of determination (adjusted R square) is 0.818. This figure shows that the material incentives and non-material incentives can explain variations or are able to contribute to the work motivation variable of 81.8%, while the remaining 18.2 % caused by other variables not included in the study.

The significance of F is 0.000, which is smaller than $\alpha = 0.05$ ($0.000 < 0.05$), so material incentives and non-material incentives simultaneously have a significant effect on work motivation, so the first hypothesis is statistically accepted.

1) Simultaneous Hypothesis Test (F Test)

To test the effect of the variable material incentives and non-material incentives on work motivation using the F test. The results of the F test obtained a significance value of 0.000 which is smaller than $\alpha = 0.05$ ($0.000 < 0.05$), so material incentives and non-material incentives simultaneously have a significant effect on work motivation, so the first hypothesis is statistically accepted.

2) Partial Hypothesis Test (t Test)

To test one of the variables material incentives and non-material incentives have a dominant influence on work motivation using the t -test. The results of the t test analysis obtained a significance value of t material incentives of 0.000 which is smaller than

$\alpha = 0.5$ ($0.000 < 0.05$), so it is proven that the material incentive variable (X_1) has a significant effect on work motivation (Y).

The results of the t -test analysis showed that the non-material incentive t significance value of 0.002 was smaller than $\alpha = 0.5$ ($0.002 < 0.05$), so it was proven that the non-material incentive variable (X_2) had a significant effect on work motivation (Y).

To find out the variables that have a dominant effect on work motivation, that is by looking at the magnitude of the regression coefficient of the variables that have a significant effect on work motivation.

Based on the results of the t -test that material incentives and non-material incentives have a significant effect on work motivation. Partial effect of Material Incentives is 21.0% on Work Motivation while the effect of Non-Material Incentives partially is 60.8% on Work Motivation. The most dominant influence on work motivation is non-material incentives of 60.8%.

4. Results and Discussion

4.1 Impact of Material Incentives on employee motivation

Incentives are a form of reward or compensation for the efforts made by employees to build the company from their performance. The provision of material incentives is intended to meet the needs of employees and their families. The main purpose of incentives is to give responsibility and encouragement to employees to improve the quality and quantity of their work. As for companies, incentives are a strategy to increase company productivity and efficiency in the face of increasingly fierce competition, where productivity is a very important thing.

In accordance with the criteria for testing the hypothesis that partially material incentives have a significant effect on work motivation in the automotive industry in West Bandung. This is in line with the results of tests conducted by [18] Ormel, et.all (2019:10). Financial incentive seems key towards strengthening motivation.

4.2 Impact of Non-Material Incentives on Employee Work Motivation

Non-material incentives in the form of awards by giving praise to employees both verbally and in writing (in public) or in private, formal, and informal thanks, promotions (promotion or position), granting the right to use position attributes, providing equipment especially in the workspace, which works well and exceeds the established company standards, can provide job satisfaction to employees. In accordance with the criteria for testing the hypothesis that partially Non-Material Incentives have a significant effect on Work Motivation in the Automotive Industry in West Bandung. This is in accordance with the results of tests conducted by [19] Yefina (2015:6), Bilhamd (2016:43), that non-material incentives have a significant effect on the level of employee motivation.

4.3 The Impact of Material Incentives and Non-Material Incentives on Employee Work Motivation

Incentives consisting of material incentives and non-material incentives have a significant effect on work motivation. This shows that the provision of an incentive by the company will be feedback, where employees will be motivated to improve their work performance better and be more responsible for the work so that the company's goals can be achieved as expected. The results of this study are supported based on [17], that empirically the effect of material incentives and non-material incentives on employee work motivation together has a significant influence on employee work motivation, as well as the results of [20] which states that the rewards given to motivate employees/members of the organization to be able to motivate their work and have high performance which are not permanent or at any time. Incentives consist of 1) equal distribution of incentives, which are given to all employees/members of the organization without discriminating from one another, for example the Holiday Allowance (THR) and/or Christmas Day Allowance; 2) Performance-based incentives, which are given to workers who high work performance. The test results in this study that simultaneously there is a significant influence between Material Incentives and Non-Material Incentives on Work Motivation in the Automotive Industry in West Bandung. This is in line with the results of tests conducted by [21] that, material incentives and non-material incentives have a significant simultaneous effect on employee work motivation.

5. Conclusion

This study shows that there is a positive influence between material and non-material incentives on employee work motivation, where the better the material incentives, the work motivation will improve and the higher the non-material incentives, the work motivation will increase, while simultaneously material incentives and non-material incentives towards Employee work motivation has a positive influence on employee motivation in the automotive industry in West Bandung.

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