

## INCENTIVES AND PROMOTIONS ON PERFORMANCE OF EMPLOYEES PERFORMANCE IN PT. ZARINDRA CIPTA SEJAHTERA

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### ABSTRACT

*The purpose of this research are: 1). to know the incentives and promotion of positions in PT.ZARINDRA CIPTA SEJAHTERA, 2). to determine the effect of incentives and promotion of office on the performance of employees partially, 3). to determine the effect of incentives and job promotion on employee performance simultaneously. This research was conducted at PT.ZARINDRA CIPTA SEJAHTERA by taking sample 55 people. The research method used is descriptive analysis by using path analysis. The conclusion of this study is to prove the influence between incentives and promotion positions on employee performance in PT.ZARINDRA CIPTA SEJAHTERA*

Keywords: Incentives, Job Promotion, Employee Performance

### Introduction

Quality human resources are employees who are able to work professionally. Mathis & Jackson (2000: 240), human resources with experience of competence include features such as: customer focus (good service), team-oriented and work-oriented, innovative, have technical experience, and are able to adapt .

Lack of opportunities for employees to obtain promotions, it is evidenced by the positions held by employees for more than 5 years. Employees feel they do not accept justice in terms of providing incentives provided by the company, employees with a working period of less than 1 year receive incentives from the company with the same nominal amount of incentives received by employees who have more than two years working in the company. In addition, there is a low chance of gaining promotion among employees, with ten-year-old employees serving in the same position. It is allegedly occurred because of the HR or HRD does not perform performance evaluation of every employee, although every three months conducted performance appraisal for all employees, but it is felt only as a formality only, without any action or evaluation of the performance appraisal results.

An important reason that promotions are sources of incentives is worker reputation, or "career concerns" (Fama 1980; Holmström 1983; MacLeod & Malcomson 1988; Gibbons & Murphy 1991). A good incentive and promotion approach can be chosen by the boss, as it is able to give a positive touch to the employee's performance. Often it is the worker's history of positions or promotions which provides the greatest evidence on productivity and potential (Waldman 1984). Thus promotions can play a key role in incentives.

Promotion is one of the indicators of employee performance. According Ardan, et al (2012: 105) promotion can be interpreted as a process of change from a job to another in the hierarchy of authority and responsibility higher than with the authority and responsibility that has been charged to the self labor in the previous time . The results of research that has been done by Naveed et al (2011: 301) suggests one important factor to improve employee employee performance is promotion of position. Promotion of positions conducted by the management of the company provides an important role for each employee, even every employee makes the promotion of positions as a dream and goals that are always expected by employees. Promotion of employee position not only will provide power, but also for every employee will feel increased social status.

### Literature Review

Incentives are often analysed in context of agency theory with the aim to align interests of principal and agent, providing motivation to the agent to act in a desirable way (Garnefeld, 2012, Gibbons, 1998). The implicit incentives analysed in this study are promotion opportunities; they represent an implicit incentive as in the context of such opportunities, an "understanding" (Fried & Howitt, 1980) between principal and agent is implicitly established concerning desired behaviour and the related reward for this behavior.

Promotions appear to be the most important form of pay for performance in most organizations, especial-ly in hierarchical at management organization. They are the primary means by which workers can increase their long-run compensation (McCue 1992; Lazear 1992). They are usually given to the best performers (Medoff & Abraham 1980, 1981; Gibbs 1993).

Performance is the result of work in quality and quantity achieved by an employee in performing his duties in accordance with the responsibilities given to him (Cardoso Gomes, quoted Mangkunegara, 2004: 67). Although public education and social welfare problems have been extensively examined in the U.S. and Europe using the theoretical perspective of performancemanagement (e.g., Bohte and Meier 2000)

Understanding human resource management according to Mondy (2010: 4-5) is the utilization of individuals to achieve organizational goals. Therefore, managers at all levels should pay attention to human resource management. Basically, all managers solve everything by delegating tasks to their employees, this requires effective human resource management.

### Methodology

The method used by the author is descriptive method, according to Travers (1978) in Drs. Husein Umar, S.E., M.M., MBA (2007: 22) is a study that aims to describe the nature of something that is going on at the time of research done and examine the causes of a particular symptom. The approach to be used in this research is quantitative approach.

Neuman in Suharsimi Arikunto, (2009: 243) describes the following: Quantitative researchers are more concerned about issue of design, measurement, and sampling because their deductive approach emphasized detailed planning prior to data collection and analysis...quantitative researchers emphasize precisely measuring variables and testing hypotheses that are linked to general causal explanation.

### Results

The result of X1 variable test meets the required criterion that is  $> 0,30$ . Thus it can be concluded that the items of statements 1 to 11 can be declared valid and really as an incentive indicator.

The result of X2 variable test meets the required criterion that is  $> 0,30$ , and it is concluded that item of statement 1 to 14 is valid, correct as indicator of Job Promotion.

Result of test of Y variable fulfill the required criterion that is  $> 0,30$ . Thus it can be concluded that the items of statements 1 to 8 can be declared valid and really as an Employee Performance indicator.

Reliability test results above can be stated that all variables including the category reliabel, because the score  $> 0.60$ . Thus the research instruments used by each variable in this study can be declared reliable and really as a reliable measuring tool and has a high level of stability, in the sense that if the measuring instrument is done repeatedly, the results of testing the instrument will show the results that remains.

In accordance with the results of data processing conducted, the results obtained influence the incentive (X1) and Promotion Position (X2) on Employee Performance (Y). Total influence caused by Incentive (X1) and Job Promotion (X2) together to Employee Performance (Y) is equal to 40,50%. While the rest of 59.50% caused by the influence of other variables. This shows that both variables above Incentive (X1) and Promotion Position (X3), together and have good synergy have significant influence on Employee Performance (Y).

The influence of these two variables can be explained and shown as follows, the implication of giving incentives, an employee will have the perception to work not just earn a living, but as a vehicle to satisfy his various interests and needs both for himself and for the organization.

### Conclusion

1. Incentives in PT.ZARINDRA CIPTA SEJAHTERA are in the high category with an average score of 3.94 achievement. This shows that the respondents gave a good assessment of incentives to encourage morale and improve job performance in PT.ZARINDRA CIPTA SEJAHTERA.
2. Promotion Position in PT.ZARINDRA CIPTA SEJAHTERA is in high category with average score of achievement 3.72. This indicates that the respondent gives good assessment to the Supervision Function on the implementation of promotion in PT.ZARINDRA CIPTA SEJAHTERA.
3. Employee Performance in PT.ZARINDRA CIPTA SEJAHTERA is in good category with average score of achievement 3,93. This shows that the respondents gave a good assessment of Employee Performance contained in PT.ZARINDRA CIPTA SEJAHTERA.
4. Incentives and Promotions Position simultaneously affect the Employee Performance in PT.ZARINDRA CIPTA SEJAHTERA with the influence of 40.50% and the rest of 59.50% influenced by other variables that have not been studied by the author.

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