The contribution of monetary rewards, social rewards and promotions on worker performance (small-business of textile and its products)

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Abstract

The study will look into the contribution of monetary rewards, social rewards, and promotions on worker performance. The study's population was made up of employees from small textile and product businesses (TPT). A sample of 30 people was used in this study, and the sampling method was saturation sampling. The study instrument and data collection method was a questionnaire. For the data analysis approach, the SPSS application version 26 was used, which employed statistical analysis in the form of multiple linear regression tests. Promotions, variable monetary rewards, and social rewards all had a positive and significant impact on worker performance indicators, according to the findings.

Keywords: monetary rewards, social rewards, promotion, worker performance

Introduction

In modern-day Indonesia (Badan Pusat Statistik, 2020), there are 2,740 textile-related units. The textile sector's poor performance is a problem for small Textile and Textile Industry (Tekstil dan Produk Tekstil-TPT) firms in Indonesia. Wibowo (2013) defines performance as both the process and the end result of ongoing labor. The results of work achievements and company goals will be directly presented as work outcomes or work performance of the company.

Financial rewards are one of the many factors that contribute to poor employee performance. According to Rego (2014), providing performance-based
rewards can have a positive impact on employee behavior, lead to job satisfaction for employees, have a positive impact on organizational capabilities, be able to produce the achievement of designed goals, and retain more employees who are capable of working with high achievements. Employees will be more loyal to the organization if they are rewarded for their achievements at work. Interpersonal rewards, on the other hand, have an impact on employee performance. Interpersonal rewards can take the form of status and recognition, or awards given to employees by managers.

A manager's recognition can include appreciation, a positive statement for completed work, or special attention (Tayibu, 2011). Giving incentives to employees who can lead to an increase in performance. Rewards do not have to be material, but can also take the form of a compliment or acknowledgement as an expression of appreciation and recognition for an employee's achievements (Abdullah, 2014).

Aside from an increase in the rewards available from the company, one of the expectations of a good performance appraisal for an employee is promotion. Simply put, promotion is the process of moving or increasing an employee's job level, position, or rank within the company. There are several reasons why someone is promoted, one of which is the employee's good performance. As a result, it is natural for employees to expect a good performance appraisal process in order to have the same opportunity to improve their position.

A proactive and more productive employee role is required to achieve maximum employee performance. To obtain that role, it requires financial incentives such as decent and fair wages, interpersonal incentives such as gaining recognition as an individual within the organization, job security, a good workplace, fair treatment, recognition of achievements and opportunities to advance and be promoted.

The researcher intended to conduct research on these factors influencing worker performance based on the data and descriptions provided above. The study's title will be "The Contribution of Monetary Rewards, Social Rewards, and Promotions on Worker Performance."

According to Wibowo (2013), worker performance is defined as a work process in which performance is a process of how work is done to achieve work results. According to Mangkunegara (2013) and Syahyuni (2018), performance (work achievement) is the result of a worker's work in quality and quantity in carrying out his duties in accordance with the responsibilities assigned to him. Meanwhile, according to Moeheriono (2012), performance refers to the extent to which an activity, program, or policy has succeeded in achieving the goals, objectives, vision, and mission of the company as identified through strategic planning.

According to Dessler (2010) in Syahyuni (2018), there are six performance indicators, which are as follows:
1. Work quality is defined as the accuracy, thoroughness, and acceptable level of work completed.
2. The quantity of work is the productivity and efficiency of work produced by the work over a specific time period.
3. Job knowledge refers to the practical skills, techniques, and information that are used on the job.
4. Trust is the degree to which employees can be relied on to complete work and follow up on it.
5. Availability is the degree to which employees are punctual, adhere to break times, and maintain accurate attendance records.
6. Freedom is the extent to which work can be done alone, with or without the supervision of a supervisor.

Thus, Performance is a work accomplishment that arises from the execution of a work plan by leaders and staff members who work at the institution, both government and business, to achieve organizational goals.

Salary increases, bonus systems, additional income, and other profit sharing are examples of monetary rewards. According to Hartono (2012), financial compensation is something that employees receive in the form of salaries or wages, bonuses, premiums, treatment, insurance, and other benefits paid by the organization. Meanwhile, Khan et al. (2012) in Istan and Hardinata (2020) defined monetary rewards as the provision of wages as payment for services provided by employees.

As a result, monetary rewards are all that employees receive in exchange for their services. Salaries, bonus systems, extra income, and other profit sharing are examples of how money should be used as a reward. According to Mariantha (2018), monetary indicators include salaries, wages, and incentives (commissions and bonuses).

Social rewards can take the form of status and recognition, or awards bestowed by superiors. In terms of rewards, providing managerial recognition of worker performance achievements, such as praise and statements for well-done work, is included. Non-monetary rewards are another term for social rewards. According to Nisa (2016), non-monetary rewards include career rewards such as security, self-development, career flexibility, and opportunities to increase income, as well as social rewards such as status symbols, praise and recognition, task comfort, and friendship.

According to the previously described explanation of Idemobi et al (2011), these are three indicators of interpersonal rewards:
1. The actual work. Employees are more at ease and enthusiastic when they are doing work that matches their interests, talents that are useful for making the job as a psychological attraction for personal satisfaction or interpersonal rewards.
2. The working environment. Employees have a positive psychological atmosphere when they work in a workplace that has clear policies, is highly competent and free of coworker conflict, and has comfortable and pleasant work facilities (office, stationery, or office facilities).
3. Workplace adaptation. Flexible working hours can be a pleasant factor, with short but busy workdays in the hope of having rest time on weekends, shareable work or responsibilities, and even easy access, modes of transportation, and communication systems at or to work that are simple and adaptable.

Social rewards, also known as non-financial rewards, are rewards given to employees in the form of praise, appreciation, and recognition for their efforts.

According to Siagian (2010) in Setiawan (2018), promotion is a
condition in which an employee is transferred from one job to another with greater responsibility. According to Hasibuan (2016) and Syahyuni (2018), promotion is a move that increases employees’ authority and responsibility to higher positions within an organization, resulting in increased obligations, rights, status, and income.

Promotion occurs when a leader raises an employee's position one level higher than his original position and accepts greater responsibility than his previous responsibilities following an evaluation or assessment process in which the employee or employee concerned is deemed worthy of being promoted to a higher level (Afandi, 2016). Hasibuan (2016) identified the following general indicators that are considered in the promotion process: honesty, discipline, work performance, cooperation, skills, loyalty, leadership, and communicative education.

A theoretical conceptual framework can be developed based on the research objectives, theoretical foundation, and previous research, as shown in the figure below.

According to Hutayan et al. (2019), monetary rewards are a form of exchange in which employees give their energy, expertise, and knowledge in exchange for money and benefits from the organization, which links employee goals to organizational goals.

According to Azwar (2012)'s research, there is a positive and significant relationship between rewards and performance. Meanwhile, AMMD (2014) explained in another study conducted by Rego that the higher the level of reward, the higher the level of worker performance. According to the findings of previous research and the literature review, the following hypothesis is proposed:

\[ H_1 : \text{Monetary rewards have an impact on worker performance.} \]

According to Tayibu (2011), social rewards came in the form of status and recognition of superiors' awards. If managers recognize employee performance achievements, the relationship with rewards will improve. A superior's recognition can take the form of praise, a statement about a job well done, or special attention. Awards have a significant effect on trainee performance, according to research conducted by Indah, PPAP, Rahmawati, Pl, and Undiksha, NDA (2019). The award is presented in the form of praise or greetings from company executives. Meanwhile, Pontoh, PRG (2016)
explained in another study that awards have a positive and significant effect on worker performance. Based on previous research and the described literature review, the following hypothesis is proposed:

**H2: The impact of social rewards on employee performance**

Promotion is a company-wide program in which an employee is transferred from one position to another higher position in exchange for achievements, with greater authority, responsibility, obligation, rights, status, and income than previously. As a result, it can increase worker commitment to their jobs, resulting in peak performance (Syahyuni, 2018).

According to Simanjuntak, WY (2015) research, job promotion has a positive and significant effect on worker performance. Meanwhile, Sabar, ND, Adolfina, and Dotulong, LOH (2017) discovered that promotion has a positive and significant effect on worker performance. Based on previous research findings and the described literature review, the following hypothesis is proposed:

**H3: Promotion has an impact on worker performance.**

**Research Methods**

From March 2020 to May 2020, this research was conducted. The research design employed quantitative research methods, random sampling techniques, primary data collection, and data analysis that was quantitative or statistical in nature with the goal of testing predetermined hypotheses. The information is presented in the form of primary data.

The population in this study consisted of 30 employees from the company who were chosen using a non-probability sampling technique, which provides unequal opportunities for each element or member of the population to be chosen as a sample. In this study, saturated sampling was used, with the entire population serving as a sample.

The quantitative data analysis method was used in this study, by employing statistical methods and SPSS 26 analysis tools. Descriptive statistics, data quality tests (validity and reliability tests), classical assumption tests, multiple linear regression analysis tests, and hypothesis testing were used for data analysis.

**Result and Discussions**

This study presented the characteristics of the employee respondents based on the percentage of gender, with the male gender accounting for 20 respondents or 66.7 percent and the female gender accounting for 10 respondents or 33.3 percent. In terms of age, respondents aged 20-30 years were 24 percent, respondents aged 30-40 years were 3 percent, and respondents aged 40-50 years were 3 percent. As a result, the majority of respondents who work in these companies are between the ages of 20 and 30.

Respondent characteristics based on percentage of last education: 19 respondents (63.3%) educated in High School/Vocational High School and 11 respondents (36.7%) with Undergraduate education. Finally, the majority of respondents working in these companies were High school/Vocational High
school graduates.

Meanwhile, based on the percentage of income, respondents with an income of 3,000,000 - 5,000,000 had as many as 21 respondents or 70%, income > 5,000,000 had as many as 4 respondents or 13.3%, and income > 10,000,000 had as many as 5 respondents or 16.7%. As a result, the majority of respondents who work in the company earn between Rp 3,000,000 and Rp 5,000,000.

The quantitative data analysis method used in this study was descriptive statistics, validity testing, reliability testing, normality testing, multicollinearity testing, multiple linear regression analysis testing, and hypothesis testing with SPSS 26 as the analysis tools.

A validity test was used to determine the reliability of a questionnaire. It was said to be valid if the questionnaire statements could and should express something to measure. A correlation between the score of the statement items and the total score of the construct or variable could be used to measure validity. The correlation results were then compared to the critical value using a 0.05 significance level. Significant results were obtained when the validity of the variables: financial reward, interpersonal reward, and employee performance were tested. These findings suggest that r count is greater than r table. Calculate df = n-2 (30-2=148) with alpha 0.05 to get the value of r table, which is 0.3601. As a result of the test results, it is possible to conclude that all items in the variables statement are declared valid and can be used in future tests.

A reliability test is a method for evaluating the validity of a survey that serves as a predictor of a variable or concept. If a construct or variable has a Cronbach Alpha value greater than 0.60, a questionnaire is considered reliable (Sugiyono, 2016:220). The constructs of the four variables were reliable, as evidenced by Cronbach Alpha values greater than 0.60 for each variable. Cronbach Alpha is 0.667 for the monetary reward variable. Then, the Cronbach Alpha value for the social reward variable is 0.713, for the promotion variable it is 0.847, and for the worker performance variable it is 0.825.

The normality test was designed to determine whether the confounding variables in the regression model had a normal distribution. The Kolmogrov-Smirnov (KS) non-parametric statistical test can be used to determine normality (Ghozali, 2016:154). With decision making, if sig > 0.05, H0 is accepted; otherwise, H0 is rejected. The result of the Komolgrov-Smirnov test for normality is sig 0.200, indicating that the value is greater than 0.05 and that H0 is accepted.

There should be no connection between the independent variables in a good regression model. If multicollinearity occurs, it may be detected using the tolerance value and variance inflation (VIF). Where tolerance, value, and variance inflation (VIF) are concerned: If the tolerance value is > 0.1 and (VIF) is < 10, H0 indicates that there is no multi collinearity. If the tolerance value is < 0.1 and (VIF) > 10, there is multi collinearity.

The tolerance value for the monetary reward variable is 0.879, 0.424 for the social reward variable, and 0.392 for the promotion variable, according to the results of the multi collinearity test. The calculated tolerance values for the three independent variables revealed that there is no tolerance value
greater than 0.10, indicating that there is no strong correlation between the independent variables. The results of the VIF (variance inflation factor) calculation also show the same thing: there is no single independent variable with a VIF value of monetary rewards variable of 1.137, VIF value of social reward variable of 2.359, and VIF value of promotion variable of 2.554. As a result, it is possible to conclude that there is no multi collinearity between independent variables in the regression model.

The heteroscedasticity test examines if there is a variance difference between the residuals of one observation and the residuals of another observation in the regression model. Examine the graph plot to determine whether or not heteroscedasticity exists. If there is a specific pattern, such as dots that form a regular pattern (wavy, widening, then narrowing), it indicates that heteroscedasticity has occurred (Ghozali, 2016:134). The following are the Scatter plot results from the heteroscedasticity test:

Because the dots in Figure 2 are spread out and do not form a regular pattern, it can be concluded that there is no heteroscedasticity in the regression model and that it is appropriate to use it.

The data collected from the questionnaire results were tested using multiple linear regression analysis (Ghozali, 2016: 8). The multiple linear regression equation for the independent variables (monetary rewards, social rewards, and promotions) on the dependent variable of worker performance is as follows:

\[ Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + e \]
\[ Y = 0.322 x_1 + 0.295 x_2 + 0.488 x_3 \]

With the following details:

a. A value of +0.322 for \( b_1 \) indicates that monetary rewards have a positive influence on worker performance, implying that every one-unit increase in financial rewards increases worker performance by 0.322.

b. A value of +0.295 for \( b_2 \) indicates that social rewards have a positive influence on worker performance, which means that every unit increase in social rewards increases worker performance by 0.295.

c. A value of +0.488 for \( b_3 \) indicates that promotion has a positive effect on worker performance, implying that every unit increase in promotion
increases worker performance by 0.488.

The coefficient of determination test ($R^2$) determined how well the model explained variations in the dependent variable. $R^2$ has a value between zero and one. If there is only one independent variable, $R^2$ is used; however, if there are multiple independent variables, Adjusted $R^2$ is used (Ghozali, 2016: 95). When there are multiple independent variables in a study, the adjusted $R^2$ is used.

Table 1. Coefficient of Determination Test for Adjusted $R^2$

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.889</td>
<td>.791</td>
<td>.767</td>
<td>1,771</td>
</tr>
</tbody>
</table>

According to table 1, the value of Adjusted $R^2$ is 0.767, which means that variations in the three independent variables, namely monetary rewards, social rewards, and promotions, can explain 76.7 percent of the variation in worker performance variables. Meanwhile, the remaining 23.3 percent (100 percent - 76.7 percent) is explained by factors other than the model that are not covered in this study, such as leadership style, discipline, and motivation.

The t statistic test determined how effective one independent variable was in explaining the variation of the dependent variable on its own. The magnitude of the calculated t-value will be compared to the t-table value in the t-test.

Decisions can be made by looking at the probability; if the probability is greater than 0.05, the model is rejected; if the probability is less than 0.05, the model is accepted; and by:

a. If $t_{count} > t_{table}$, $H_0$ is rejected and $H_a$ is accepted, indicating that independent variables have a significant influence on the dependent variable.

b. If $t_{count} < t_{table}$, then $H_0$ is accepted and $H_a$ is rejected, indicating that the independent variables have no significant effect on the dependent variable (Ghozali, 2016: 97)

Table 2. Statistical Test Results t

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-9,460</td>
<td>5.421</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>$X_1$</td>
<td>1.142</td>
<td>.339</td>
<td>.322</td>
</tr>
<tr>
<td></td>
<td>$X_2$</td>
<td>.444</td>
<td>.207</td>
<td>.295</td>
</tr>
<tr>
<td></td>
<td>$X_3$</td>
<td>.555</td>
<td>.163</td>
<td>.488</td>
</tr>
</tbody>
</table>

The results of the partial test of each variable are shown in table 2:

a. If the t-count value of monetary rewards is 3.336 and the t-table with a significance level of 0.05 for the two-party test $Df=n-k$ (30-4 = 26) is 2.055, then the monetary reward variable has a positive and significant effect on worker
b. Because the t-count value of social rewards is 2.143 and the t-table with a significance level of 0.05 for the two-party test $Df=n-k (30-4 = 26)$ is 2.055, it follows that the t-count is $2.143 > t_{table}$ 2.055 with a significance probability of 0.042 $< 0.05$, indicating that the social reward variable has a positive and significant effect on worker performance.

c. The t-count value of promotion is 3.404, while the t-table with a significance level of 0.05 for the two-party test $Df=n-k (30-4 = 26)$ is 2.055, indicating that the t-count is $3.404 > t_{table}$ is 2.055 with a significance probability of $0.002 < 0.05$, indicating that the promotion variable has a positive and significant effect on worker performance.

Based on the results of the t-test hypothesis testing, the monetary reward variable has a positive and significant effect on worker performance if the t-count value is greater than the t-table and the significance probability value is less than 0.05. This is consistent with research by Azwar (2012), which found a positive and significant relationship between rewards and performance, and research by Rego, AMMD (2014), which found that the higher the level of reward, the higher the level of worker performance.

According to the results of the t-test hypothesis testing, the social reward variable has a positive and significant effect on worker performance when the t-count value is greater than the t-table and the significance probability value is less than 0.05. Indah, PPAP, Rahmawati, PI, and Undiksha, NDA (2019) discovered that awards have a significant impact on trainee performance. The award is presented in the form of praise or greetings from company executives. Meanwhile, Pontoh, PRG (2016) found that awards have a positive and significant effect on worker performance in another study.

According to the results of the t-test hypothesis testing, the promotion variable has a positive and significant effect on worker performance when the t-count value is greater than the t-table and the significance probability value is less than 0.05. According to Simanjuntak, WY (2015) research, job promotion has a positive and significant effect on worker performance. Meanwhile, Sabar, ND, Adolfina, and Dotulong, LOH (2017) discovered that promotion has a positive and significant effect on worker performance.

Conclusions

Several conclusions were reached based on the results of testing and analysis described in the previous chapter of this study:

1. Monetary rewards have a significant and positive impact on worker performance in textile companies. This means that as the level of monetary rewards increases, so will the worker's performance. However, if the level of monetary rewards is low, the worker's performance will suffer.

2. Social rewards have a significant positive impact on worker performance in textile companies. This suggests that the greater the level of social rewards, the better the worker's performance. On the other hand, if the level of social rewards is low, the worker's performance will suffer.

3. Promotion has a significant positive impact on worker performance in textile companies. This means that the higher the level of advancement,
the better the employee’s performance. Furthermore, if the promotion rate is low, the employee’s performance will suffer.

Based on the findings of this study’s testing, analysis, and conclusions, researchers will make the following recommendations:

1. The lowest mean value is found in the second statement indicator, namely "the overtime pay given is in accordance with my performance," based on the results of the descriptive test of the monetary reward variable. This demonstrates that the overtime paid is not commensurate with the performance of the employees. This can be an input for the company to pay more attention to overtime pay given to employees based on their performance. As a result, it is expected that workers will continue to improve their performance.

2. According to the results of the descriptive test of the social reward variable, the first statement indicator, "I feel comfortable at work," has the lowest mean value. This demonstrates that workers are not at ease at work. This could be an input for the company to pay attention to worker comfort while working. Workplace comfort is an important factor in the success of workers and businesses. As a result, workers are expected to improve their performance even further.

3. Based on the descriptive test results for the promotion variable, the lowest mean value is found in the second statement indicator, namely "an worker's intellectual property becomes a reference for promotion to his position." This indicates that a worker’s intellectual property has not become a reference for advancement to his position. This can be an input for the company to pay attention to a worker’s intellectual factors to be used as a reference for promotion. As a result, workers are expected to improve their performance even further.

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