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The Effect of Incentives and Extrinsic Motivation on Employee Performance at PT Isuto Sukses Jaya, West Jakarta

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Abstract

Providing incentives (such as bonuses, commissions, or financial rewards) can serve as a direct stimulus for employees to work harder; employees tend to increase their effort and productivity because there is a tangible reward to be gained from their work. Similarly, extrinsic motivation—manifested through company policies, supervision, and reward systems—can foster greater discipline and a sense of responsibility regarding their work. This study aims to analyze the impact of incentive provision and extrinsic motivation on employee performance at PT Isuto Sukses Jaya. The study was prompted by observed fluctuations in employee productivity, suspected to be influenced by a suboptimal incentive distribution system and factors external to the work environment (extrinsic motivation). A quantitative approach was employed, involving 56 respondents who are employees of PT Isuto Sukses Jaya in West Jakarta. Data were collected via questionnaires and analyzed using SPSS Version 27. The t-test results for incentive provision showed a significance value of 0.077 (> 0.05) and a t calculated value lower than the t-table value (1.800 < 2.006), indicating that, in isolation, incentive provision does not significantly affect employee performance. Conversely, extrinsic motivation showed a significance value of 0.013 (< 0.05) and a t-calculated value higher than the t-table value (2.559 > 2.006), indicating a positive and significant effect on employee performance. The F-test yielded a significance value of 0.000 (< 0.05) with an F-calculated value exceeding the F-table value (14.995 > 3.17), confirming that the two independent variables incentive provision and extrinsic motivation simultaneously exert a significant influence on employee performance. The coefficient of determination (R-squared) was found to be 0.361, indicating the explanatory power of the predictor variables and the sample used.

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1. Introduction

Human resources play a fundamental role in determining organizational effectiveness and the achievement of business objectives. Employees are not merely operational resources but strategic assets whose knowledge, skills, motivation, and contributions influence organizational productivity and sustainability. Contemporary human resource management therefore emphasizes the importance of aligning compensation, employee development, performance management, and engagement practices with organizational objectives to achieve sustainable performance outcomes (Arfah, 2026).

Employee performance is one of the primary indicators used to evaluate organizational effectiveness because it reflects the extent to which employees accomplish assigned responsibilities and contribute to organizational goals. High-performing employees can enhance productivity, operational efficiency, service quality, and organizational competitiveness. In manufacturing organizations, employee performance is particularly important because production activities depend on employees' ability to meet quality standards, production targets, operational procedures, and predetermined deadlines (Hati et al., 2026).

One organizational mechanism commonly used to encourage employee performance is the provision of incentives.

Incentives represent additional financial or non-financial rewards provided to employees in recognition of specific achievements, contributions, or performance beyond their regular compensation. Performance-based incentives can strengthen employees' expectations that additional effort and achievement will be followed by appropriate organizational rewards, thereby encouraging greater work effort and performance-oriented behavior (Frankort & Avgoustaki, 2022). Empirical evidence also indicates a strong relationship between performance incentives and employees' willingness to work toward organizational targets (Mbukwana & Ayandibu, 2023).

The effectiveness of incentives, however, depends not only on their monetary value but also on how employees perceive the reward system. Incentives that are perceived as fair, transparent, performance-related, and appropriately administered are more likely to support favorable employee attitudes and work outcomes. Recent empirical evidence indicates that reward systems can contribute positively to employee performance, although their effectiveness may vary depending on organizational and individual conditions (Rohani et al., 2026). Incentives and rewards may also influence employee performance indirectly through other organizational factors, particularly job satisfaction (Alkandi et al., 2023).

In addition to incentives, extrinsic motivation is another important factor associated with employee performance. Extrinsic motivation refers to work motivation stimulated by external factors, including compensation, incentives, recognition, supervision, organizational policies, job security, working conditions, promotion opportunities, and other externally provided rewards. Organizations therefore need to balance financial rewards, recognition, supportive working conditions, and other external motivational mechanisms to maintain employee motivation and performance (Kumar et al., 2025).

The relationship between external organizational factors and employee motivation can also be explained through Herzberg's Two-Factor Theory. The theory distinguishes between motivator factors and hygiene factors. Motivator factors are associated with the content of the job and include achievement, recognition, responsibility, advancement, personal development, and the work itself. These factors are generally associated with positive job attitudes and stronger employee motivation. In contrast, hygiene factors originate primarily from the organizational environment and include salary, company policies, supervision, interpersonal relationships, job security, and working conditions. Although adequate hygiene factors may not automatically create high levels of motivation, deficiencies in these factors can contribute to employee dissatisfaction (Kumar et al., 2025).

Incentives and extrinsic motivation are therefore closely related but conceptually distinguishable mechanisms. Incentives represent specific rewards, particularly financial or performance-contingent benefits, whereas extrinsic motivation encompasses a broader range of external conditions and stimuli that encourage employees to perform their duties. Appropriate reward systems can strengthen work motivation, while supportive working conditions, recognition, supervision, and organizational policies can further influence employee attitudes and performance. Rewards, work motivation, the work environment, and job satisfaction have been found to be interconnected in shaping employee performance within Indonesian companies (Listyarini & Nugroho, 2025). Motivation and the work environment have also demonstrated significant relationships with employee performance in manufacturing organizations (Hati et al., 2026).

Employee performance itself is a multidimensional construct that cannot be assessed solely by the amount of work completed. Performance also reflects the quality of work, achievement of targets, timeliness, discipline, responsibility, cooperation, and compliance with organizational standards. Consequently, effective performance management requires organizations to consider both measurable work outputs and employee behaviors that support operational effectiveness. Organizational performance is also closely associated with integrated human resource management practices, including compensation, performance appraisal, employee development, and employee engagement (Arfah, 2026). PT Isuto Sukses Jaya is a manufacturing company operating in the printed-packaging industry, including corrugated packaging and offset printing.

The company has operated for more than two decades and serves customers ranging from micro, small, and medium-sized enterprises to larger industrial organizations. Because customer satisfaction depends substantially on product quality and timely order fulfillment, operational activities ranging from material selection and printing to production, quality inspection, and product completion require consistent employee performance.

To support employee performance, PT Isuto Sukses Jaya implements incentive policies differentiated according to employees' positions, responsibilities, and types of work. Such differentiation reflects variations in workload, production targets, occupational responsibilities, risks, and employee contributions across organizational units. In addition to incentives, the company provides an attendance- and discipline-related allowance (uang kerajinan) as an external motivational mechanism for employees who satisfy predetermined attendance and disciplinary requirements. These policies are intended to encourage employees to maintain attendance, discipline, responsibility, and consistency in performing their work.

Nevertheless, the implementation of incentive and external reward policies does not necessarily produce identical performance outcomes among employees. Employees may evaluate incentive systems differently depending on perceived fairness, the correspondence between rewards and workload, the transparency of performance assessment, payment timeliness, and the perceived value of the rewards received. Performance incentives have been found to be strongly associated with employee performance in certain organizational contexts (Mbukwana & Ayandibu, 2023). However, other findings indicate that incentives and rewards may not directly affect employee performance but can become significant when job satisfaction functions as a mediating mechanism (Alkandi et al., 2023).

These differences suggest that the effectiveness of incentive systems may depend on organizational and employee-related conditions. Empirical findings regarding motivation and employee performance are also not entirely consistent. Several recent studies have reported positive relationships between motivation and employee performance. Motivation has been found to have a positive and significant influence on employee performance in a manufacturing setting (Hati et al., 2026). Work motivation has also been reported to positively influence employee performance in Indonesian concrete iron companies (Listyarini & Nugroho, 2025). However, extrinsic motivation has been found to exert no significant direct effect on employee performance but to influence performance indirectly through work discipline (Sambuaga & Aprilia, 2023). Other empirical evidence has also shown that motivation alone does not always significantly influence employee performance within a particular organizational context (Lamama, 2023).

Although extensive research has examined incentives, rewards, motivation, and employee performance, several research gaps remain. First, many previous studies have treated incentives as part of the broader concept of compensation or reward systems rather than examining incentives as a distinct independent variable. Second, motivation is frequently analyzed as a general construct without explicitly distinguishing intrinsic from extrinsic motivation. Third, relatively limited empirical research has simultaneously examined incentives and extrinsic motivation as separate predictors of employee performance within the printed-packaging manufacturing industry.

This research context is important because packaging manufacturing involves production targets, product-quality requirements, machine-based operations, material efficiency, timely completion of customer orders, and employee discipline. These operational characteristics may create different relationships among incentives, extrinsic motivation, and employee performance compared with organizations operating in public administration or service industries. Empirical evidence from manufacturing organizations supports the importance of examining motivation and reward-related mechanisms within specific industrial contexts rather than directly generalizing findings across different sectors (Hati et al., 2026; Listyarini & Nugroho, 2025).

An empirical gap also exists within PT Isuto Sukses Jaya. Although the company has implemented incentives and attendance-related allowances, empirical evidence regarding the effectiveness of these policies in improving employee performance remains limited. Specifically, it has not yet been

established whether incentives and extrinsic motivation are associated with improvements in work quality, work quantity, timeliness, discipline, responsibility, and achievement of employee performance targets. Therefore, an empirical investigation is required to determine the extent to which these two factors contribute to employee performance.

The novelty of this study lies in simultaneously examining incentives and extrinsic motivation as two distinct independent variables and assessing their partial and simultaneous effects on employee performance within a packaging manufacturing company. Incentives are examined not merely as additional income but also in terms of perceived fairness, correspondence with workload, payment timeliness, transparency, and their ability to encourage employees to achieve performance targets. Meanwhile, extrinsic motivation encompasses external motivational factors such as attendance-related allowances, recognition, supervisory support, working conditions, organizational policies, job security, and career development opportunities.

Accordingly, this study aims to analyze the effect of incentives and extrinsic motivation on employee performance at PT Isuto Sukses Jaya, West Jakarta. The findings are expected to extend empirical evidence regarding reward and motivation mechanisms within manufacturing organizations and provide practical insights for developing incentive and extrinsic motivation systems that are fair, transparent, measurable, and aligned with organizational performance objectives.

2. Literature Review

2.1 Incentives

Incentives refer to additional rewards provided by an organization to employees based on specific achievements, contributions, or work outcomes beyond their basic salary. Incentive systems are designed to establish a clear relationship between employee effort, performance outcomes, and organizational rewards, thereby encouraging employees to contribute more effectively to organizational objectives. Incentives may take financial forms, such as bonuses, commissions, additional payments, and performance-based compensation, or non-financial forms, such as recognition, career development opportunities, and other organizational rewards (Figueiredo et al., 2025).

Incentives do not merely function as additional income but also represent organizational recognition of employee contributions. An effective reward system can strengthen employees' perceptions that their effort and performance are valued by the organization. Reward systems are more likely to generate favorable employee responses when they are perceived as clear, equitable, transparent, and appropriately aligned with employee contributions (Figueiredo et al., 2025).

The effectiveness of incentives is also influenced by the type and frequency of rewards provided. More frequent cash rewards have been shown to produce stronger performance effects than tangible non-cash rewards of equivalent value, suggesting that organizations need to consider not only the amount of incentives but also their form and timing (Newman et al., 2024).

Performance-based compensation is particularly relevant in manufacturing settings because production outputs can often be measured directly. Evidence from a manufacturing company indicates that a nonlinear payment system incorporating rewards and consequences generated higher employee output than a linear payment system with equivalent total wage costs, demonstrating the potential of appropriately designed incentive schemes to improve worker productivity (Cai et al., 2022).

Recent evidence further indicates that financial and non-financial incentives can influence employee motivation and job performance when they correspond to employees' needs and organizational conditions. Financial incentives remain important, although employees also value non-financial factors such as recognition, supportive working conditions, professional development, and fair management practices (Ghasemi & Shakerian, 2025).

Incentive strategies may also affect performance through broader employee attitudes. Incentive strategies have been shown to improve employee performance while job satisfaction and organizational commitment contribute to explaining how incentive systems translate into stronger performance outcomes (Marcel & Mohammad, 2026).

Recent evidence from Indonesia further demonstrates that additional employee income as a form of compensation can positively and significantly influence employee performance.

The effectiveness of compensation is associated not only with its financial value but also with fairness, transparency, and consistency in its implementation (Mardiana et al., 2026).

Based on these perspectives, incentives in the present study are defined as additional financial rewards beyond the basic salary that are associated with attendance, discipline, achievement, work quality, or specific employee contributions. The incentive construct therefore emphasizes the appropriateness of incentives relative to workload, fairness of distribution, linkage between incentives and achievement, payment timeliness, transparency of the incentive system, and the ability of incentives to encourage stronger work effort (Figueiredo et al., 2025; Ghasemi & Shakerian, 2025).

2.2 Extrinsic Motivation

Extrinsic motivation refers to an employee's willingness to engage in work activities because of outcomes, conditions, or stimuli originating outside the individual. Such motivation may arise from compensation, recognition, managerial support, organizational policies, supervision, working conditions, job security, promotion opportunities, and other externally provided consequences associated with work performance (Elamalki et al., 2024).

Extrinsic motivation plays an important role because employees do not perform their work solely because of internal satisfaction or personal interest. External conditions provided by an organization can influence employees' willingness to exert effort, comply with organizational expectations, and direct their behavior toward predetermined objectives. Transparent human resource policies, appropriate incentive systems, leadership support, and measurable performance standards can strengthen both employee motivation and job performance (Elamalki et al., 2024).

Extrinsic motivation can also be explained through Herzberg's Two-Factor Theory, which distinguishes between motivator factors and hygiene factors. Motivator factors are associated with job content, such as achievement, recognition, responsibility, advancement, and personal growth, whereas hygiene factors relate to the surrounding work environment, including salary, organizational policies, supervision, job security, interpersonal relationships, and working conditions. Adequate hygiene factors can prevent dissatisfaction, whereas recognition, growth opportunities, and other motivational conditions can contribute to stronger employee motivation and work-related outcomes (Peemanee et al., 2026).

External motivation is not limited to monetary rewards. Training opportunities, career advancement, supportive working environments, recognition, and organizational support can function as non-monetary motivational mechanisms that influence employees' attitudes and performance. Empirical evidence indicates that monetary and non-monetary motivation both significantly contribute to employee performance, although their effects may differ according to the type of performance outcome being evaluated (Ce et al., 2025).

Financial rewards such as salaries, bonuses, and benefits tend to provide tangible economic reinforcement, whereas non-financial rewards can strengthen employees' perceptions of recognition, professional development, organizational support, and long-term career prospects. A balanced combination of monetary and non-monetary motivational mechanisms is therefore important because employees may respond differently to particular forms of external motivation (Ce et al., 2025).

Employee benefits extending beyond direct compensation can also strengthen motivation and performance when they provide organizational support, development opportunities, and a positive working environment. Such benefits can function as strategic human resource mechanisms by responding to employees' economic, professional, and psychological expectations simultaneously (Peemanee et al., 2026).

External organizational relationships are also relevant to employee motivation. Effective communication contributes to employee motivation, satisfaction, and productivity by improving trust, coordination, collaboration, and employees' understanding of organizational expectations (Faisal & Mariana, 2025).

To minimize conceptual overlap between the independent variables, incentives and extrinsic motivation are operationally distinguished in the present study. Incentives are specifically focused on additional financial rewards associated with attendance, discipline,

achievement, or performance, whereas extrinsic motivation focuses primarily on other external work-related drivers, including managerial recognition, quality of supervision, organizational policies, job security, promotion opportunities, interpersonal relationships, and working conditions.

Accordingly, extrinsic motivation in this study reflects the extent to which organizational conditions outside the employee encourage greater effort and commitment to work. Its indicators may include recognition from supervisors, quality of supervision, promotion opportunities, job security, organizational policies, relationships with supervisors and coworkers, and the overall working environment (Ce et al., 2025; Elamalki et al., 2024).

2.3 Employee Performance

Employee performance refers to the degree to which employees successfully perform assigned tasks, responsibilities, and work targets according to organizational standards. Performance reflects employees' ability to utilize their knowledge, skills, capabilities, time, and organizational resources to generate work outcomes effectively and efficiently (Elamalki et al., 2024).

Employee performance is multidimensional and cannot be evaluated solely by the quantity of work completed. Performance can also be reflected in work quality, timeliness, efficiency, achievement of targets, initiative, discipline, responsibility, cooperation, and conformity with organizational standards. The relevance of both financial and non-financial performance dimensions indicates that employee performance should be assessed through multiple work outcomes rather than a single productivity measure (Ce et al., 2025).

In manufacturing organizations, employee performance is particularly important because individual work behavior can directly influence production quantity, product quality, resource utilization, machine operation, and timely completion of production activities. Performance-based payment systems can encourage employees to increase output because workers receive more visible economic consequences from the results they achieve (Cai et al., 2022). Employee performance can also be strengthened by reward management systems that provide recognition, promotion opportunities, and appropriate financial rewards. Empirical evidence shows that reward systems are positively associated with employee performance, although different components of the reward system may generate different levels of influence (Abdullahi et al., 2025).

Furthermore, contemporary reward-system research emphasizes that employee performance is connected to broader behavioral outcomes, including motivation, commitment, satisfaction, knowledge sharing, and employee involvement. Reward systems therefore need to be considered as part of an integrated human resource management approach rather than merely as mechanisms for distributing financial compensation (Figueiredo et al., 2025).

In the context of PT Isuto Sukses Jaya, employee performance can therefore be evaluated through work quality, work quantity, timeliness, efficiency, achievement of targets, discipline, responsibility, initiative, and teamwork. These indicators are particularly relevant to a packaging manufacturing company in which operational performance depends on product quality, production efficiency, compliance with production procedures, and timely completion of customer orders.

2.4 The Effect of Incentives on Employee Performance

Incentives can influence employee performance by establishing a clear economic consequence for employee achievements. When employees perceive that attendance, discipline, work quality, productivity, or achievement of targets will result in additional rewards, they have a stronger external reason to direct effort toward organizational objectives. The effectiveness of this mechanism is strengthened when rewards are transparent, equitable, credible, and linked to clearly defined employee contributions (Figueiredo et al., 2025).

The design of an incentive system is particularly important because employees may respond differently to the timing, frequency, and type of reward. Frequent cash incentives have been shown to create stronger performance responses than equivalent tangible rewards, demonstrating that the behavioral effects of incentives depend partly on how rewards are delivered (Newman et al., 2024).

Evidence from manufacturing

environments also supports the relationship between performance-based compensation and worker output. A nonlinear compensation system containing performance rewards generated an approximately four percent increase in output compared with a linear compensation arrangement with similar total labor costs, indicating that well-designed economic incentives can influence productive behavior (Cai et al., 2022).

More recent empirical evidence also shows that incentive strategies can positively affect employee performance and that this relationship may be strengthened through employee satisfaction and organizational commitment. These findings indicate that incentives should not be viewed merely as direct financial transactions because their performance effects may also depend on employees' psychological and organizational responses to the reward system (Marcel & Mohammad, 2026).

Empirical findings from Indonesia similarly demonstrate that additional financial compensation can have a positive and statistically significant effect on employee performance. Fairness, transparency, and consistency in compensation implementation are particularly important in determining whether employees interpret additional rewards as meaningful recognition of their contribution (Mardiana et al., 2026).

However, individual components of reward systems do not necessarily produce identical effects. Recognition and promotion have been found to significantly influence employee performance, whereas salary-related effects may be positive without necessarily reaching the same level of statistical significance, suggesting that the effectiveness of rewards depends on the form of reward and organizational context (Abdullahi et al., 2025).

Based on the theoretical arguments and empirical evidence above, incentives are expected to encourage employees to increase their effort, discipline, productivity, and achievement of work targets. Therefore, the first hypothesis is formulated as follows:

H1: Incentives have a positive and significant effect on employee performance at PT Isuto Sukses Jaya.

2.5 The Effect of Extrinsic Motivation on Employee Performance

Extrinsic motivation can influence employee performance by providing external stimuli that direct employees toward desired workplace behavior. Recognition, supervisory support, organizational policies, job security, promotion opportunities, and favorable working conditions can communicate that employee contributions are valued and that desirable work behavior produces meaningful organizational outcomes (Elamalki et al., 2024).

Both monetary and non-monetary motivation have been empirically associated with job performance. Monetary motivation can strengthen performance through salaries, bonuses, and performance-related payments, whereas non-monetary motivation can improve work outcomes through training, career advancement, supportive work environments, and professional recognition (Ce et al., 2025).

Recent research also indicates that employee benefits and supportive organizational conditions can improve motivation and performance. Development opportunities, organizational support, and a positive growth-oriented working environment can complement direct compensation by addressing employees' broader professional and psychological expectations (Peemanee et al., 2026).

Communication and managerial interaction can further strengthen external motivation by creating transparency, trust, coordination, and a clearer understanding of organizational expectations. Effective communication has been associated with stronger employee motivation, satisfaction, productivity, and organizational effectiveness (Faisal & Mariana, 2025).

The effect of external motivation on employee performance is also consistent with the view that employees respond differently to different reward dimensions. Recognition and promotion opportunities can have meaningful performance implications, demonstrating that external motivation is not exclusively dependent on direct financial compensation (Abdullahi et al., 2025).

Thus, employees who perceive stronger recognition, supervisory support, job security, career opportunities, supportive policies, and favorable working conditions are expected to demonstrate stronger effort and work performance. Therefore, the second hypothesis is formulated as follows:

H2: Extrinsic motivation has a positive and significant effect on employee performance at

PT Isuto Sukses Jaya.

2.6 The Effect of Incentives and Extrinsic Motivation on Employee Performance

Incentives and extrinsic motivation represent related but distinct external mechanisms through which organizations can influence employee behavior. Incentives provide measurable additional financial rewards associated with specific achievements or work outcomes, whereas extrinsic motivation encompasses a broader set of organizational conditions, including recognition, supervision, organizational policies, career opportunities, employment security, interpersonal relationships, and working conditions.

An effective human resource strategy should not rely exclusively on financial incentives because employee responses are also shaped by non-financial organizational conditions. Contemporary evidence indicates that balanced approaches combining financial and non-financial motivational practices can produce more comprehensive performance outcomes than strategies that emphasize only one form of reward (Ce et al., 2025).

Reward-system research similarly indicates that organizations can strengthen employee motivation and performance when financial and non-financial rewards are managed coherently. Effective systems require equity, transparency, recognition of employee contribution, and alignment between reward practices and organizational objectives (Figueiredo et al., 2025).

Financial compensation alone may therefore be insufficient when employees lack recognition, career opportunities, appropriate supervision, organizational support, or favorable working conditions. Conversely, supportive working conditions may not generate optimal performance when employees perceive that their attendance, discipline, achievements, and productivity are not appropriately rewarded.

This complementary relationship is supported by evidence showing that incentive strategies influence employee performance both directly and through employee attitudes such as satisfaction and organizational commitment. The effectiveness of performance-oriented HR practices therefore depends on the ability of organizations to combine economic rewards with organizational conditions that maintain employee motivation and commitment (Marcel & Mohammad, 2026).

Evidence from recent organizational research also demonstrates that compensation and reward systems are associated with employee performance, while organizational communication and other managerial practices contribute to employee motivation and productivity. These findings support the integration of financial incentives with broader external motivational mechanisms within human resource management systems (Faisal & Mariana, 2025; Mardiana et al., 2026).

Accordingly, employees are expected to demonstrate stronger performance when they simultaneously receive appropriate performance-related incentives and experience supportive external motivational conditions. Therefore, the third hypothesis is formulated as follows:

H3: Incentives and extrinsic motivation simultaneously have a positive and significant effect on employee performance at PT Isuto Sukses Jaya.

2.7 Conceptual Framework

The conceptual framework of this study positions incentives as the first independent variable (X_1), extrinsic motivation as the second independent variable (X_2), and employee performance as the dependent variable (Y). The proposed relationships can be expressed as follows:

Incentives (X_1) → Employee Performance (Y)
Extrinsic Motivation (X_2) → Employee Performance (Y)

The partial analysis examines the effect of incentives on employee performance and the effect of extrinsic motivation on employee performance. The simultaneous analysis examines the combined effect of incentives and extrinsic motivation on employee performance at PT Isuto Sukses Jaya.

3. Research Method

This study employed a quantitative approach with a causal-associative design to examine the effects of incentives and extrinsic motivation on employee performance at PT Isuto Sukses Jaya. A quantitative explanatory approach is appropriate for examining relationships among measurable variables and statistically testing the effects of independent variables on a dependent variable through survey data and regression analysis (Juhernawati et al., 2026; Ismawanti et al.,

2025).

The population consisted of all 65 employees of PT Isuto Sukses Jaya. The sample size was determined using the Slovin formula with a 5% margin of error, as expressed as follows:

$$n = \frac{N}{1 + N(e)^2}$$

where n represents the required sample size, N represents the population size, and e represents the margin of error. Based on a population of 65 employees and an error tolerance of 0.05, the calculation produced 55.91 respondents, which was rounded to 56 respondents. The application of the Slovin formula for determining samples from a finite employee population has also been adopted in recent quantitative employee-performance research (Hikmasari et al., 2026).

The respondents were selected using probability sampling with a simple random sampling technique, providing each member of the population with an equal opportunity to be selected as a respondent. Simple random sampling is appropriate when researchers seek to minimize systematic selection and obtain observations from members of a defined population without deliberately prioritizing particular groups (Ismawanti et al., 2025).

Primary data were collected using a structured closed-ended questionnaire developed based on the indicators of incentives, extrinsic motivation, and employee performance. Responses to the questionnaire items were measured using a Likert scale to transform respondents' perceptions into quantitative data suitable for statistical analysis. The use of Likert-scale questionnaires is widely applied in quantitative organizational and behavioral research because it enables researchers to systematically measure respondents' perceptions of predetermined constructs (Syam, 2025).

The study consisted of two independent variables and one dependent variable. Incentives were designated as the first independent variable (X_1), extrinsic motivation as the second independent variable (X_2), and employee performance as the dependent variable (Y). This variable structure enables the independent contribution of each predictor and their combined contribution to employee performance to be statistically examined through multiple linear regression.

Before hypothesis testing, the research instrument was evaluated through validity and reliability tests to ensure that the questionnaire items appropriately measured the intended constructs and demonstrated adequate internal consistency. Reliability was assessed using Cronbach's alpha, which remains one of the most widely applied coefficients for evaluating the internal consistency of multi-item Likert-scale instruments (Park, 2024). The combination of validity and reliability testing prior to regression analysis is also commonly applied in recent quantitative organizational research using questionnaire-based data (Hikmasari et al., 2026; Jumaini et al., 2024).

Classical assumption tests were subsequently conducted before estimating the multiple linear regression model. These tests included normality, multicollinearity, and heteroscedasticity tests to evaluate whether the regression model satisfied the principal statistical assumptions required for appropriate interpretation of its coefficients. Classical assumption testing is an important stage of multiple linear regression because violations of distributional, collinearity, or variance assumptions may affect the reliability and interpretation of regression estimates (Mardiatmoko, 2024).

Multiple linear regression analysis was employed to determine the effects of incentives and extrinsic motivation on employee performance. Multiple regression is appropriate when a study examines the contribution of two or more independent variables to variations in a dependent variable while estimating the contribution of each predictor within the same model (Mardiatmoko, 2024). Recent employee-performance research has similarly applied multiple linear regression to analyze questionnaire data involving several predictors of employee outcomes (Juhernawati et al., 2026; Ismawanti et al., 2025).

The regression model used in this study was specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

where:

Y = Employee Performance
α = Constant
β_1 = Regression coefficient of Incentives
β_2 = Regression coefficient of Extrinsic Motivation
X_1 = Incentives
X_2 = Extrinsic Motivation
ε = Error term

Hypothesis testing was conducted using

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the partial *t*-test, simultaneous *F*-test, and coefficient of determination (R^2). The *t*-test was used to determine whether each independent variable individually had a statistically significant effect on employee performance, whereas the *F*-test was used to examine whether incentives and extrinsic motivation jointly had a significant effect on employee performance. The coefficient of determination was used to assess the proportion of variation in employee performance explained collectively by the independent variables included in the regression model. This sequence of validity and reliability testing, classical assumption testing, multiple regression, partial hypothesis testing, simultaneous testing, and determination analysis is consistent with quantitative regression procedures used in recent organizational studies (Jumaini et al., 2024; Ismawanti et al., 2025).

All hypotheses were evaluated at a significance level of 5% (α = 0.05). A hypothesis was considered statistically supported when the corresponding *p*-value was lower than 0.05, whereas a *p*-value greater than or equal to 0.05 indicated insufficient statistical evidence to support the proposed effect. The use of a 0.05 significance threshold is consistent with recent quantitative research employing regression-based hypothesis testing in organizational and employee-performance settings (Hikmasari et al., 2026; Juhernawati et al., 2026).

4. Results and Discussion

4.1 Validity Test of Incentives

Table 1. Validity Test Results for Incentives (X_1)

Item	r-calculated	r-table	Conclusion
X1.1	0.653	0.2632	Valid
X1.2	0.609	0.2632	Valid
X1.3	0.696	0.2632	Valid
X1.4	0.383	0.2632	Valid
X1.5	0.484	0.2632	Valid
X1.6	0.614	0.2632	Valid
X1.7	0.511	0.2632	Valid
X1.8	0.699	0.2632	Valid
X1.9	0.630	0.2632	Valid
X1.10	0.648	0.2632	Valid

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The calculated correlation coefficients for the 10 incentive items ranged from 0.383 to 0.699, all of which exceeded the critical r-value of 0.2632. Therefore, all items measuring the incentive variable were considered valid and suitable for inclusion in the subsequent analysis.

Validity Test of Extrinsic Motivation

Table 2. Validity Test Results for Extrinsic Motivation (X_2)

Item	r-calculated	r-table	Conclusion
X2.1	0.634	0.2632	Valid
X2.2	0.616	0.2632	Valid
X2.3	0.534	0.2632	Valid
X2.4	0.681	0.2632	Valid
X2.5	0.755	0.2632	Valid
X2.6	0.779	0.2632	Valid
X2.7	0.747	0.2632	Valid
X2.8	0.684	0.2632	Valid
X2.9	0.760	0.2632	Valid
X2.10	0.712	0.2632	Valid
X2.11	0.729	0.2632	Valid
X2.12	0.851	0.2632	Valid
X2.13	0.773	0.2632	Valid
X2.14	0.384	0.2632	Valid
X2.15	0.630	0.2632	Valid

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The calculated correlation coefficients for the 15 extrinsic motivation items ranged from 0.384 to 0.851, with all values exceeding the critical r-value of 0.2632. Accordingly, all statement items used to measure extrinsic motivation were considered valid and appropriate for further analysis. These results indicate that each item was sufficiently correlated with the overall construct of extrinsic motivation measured in this study. Therefore, none of the questionnaire items needed to be eliminated, and all 15 items were retained for subsequent statistical analysis.

4.2 Validity Test of Employee Performance

Table 3. Validity Test Results for Employee Performance (Y)

Item	r-calculated	r-table	Conclusion
Y.1	0.633	0.2632	Valid
Y.2	0.532	0.2632	Valid
Y.3	0.739	0.2632	Valid
Y.4	0.697	0.2632	Valid
Y.5	0.659	0.2632	Valid
Y.6	0.669	0.2632	Valid
Y.7	0.624	0.2632	Valid
Y.8	0.721	0.2632	Valid
Y.9	0.712	0.2632	Valid
Y.10	0.607	0.2632	Valid
Y.11	0.731	0.2632	Valid
Y.12	0.574	0.2632	Valid
Y.13	0.550	0.2632	Valid

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The calculated correlation coefficients for the 13 employee performance items ranged from 0.532 to 0.739, and all values were

greater than the critical r-value of 0.2632. These findings indicate that all items adequately measured the employee performance variable and were therefore considered valid.

4.3 Reliability Test

Table 4. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha	Reliability Threshold	Conclusion
Incentives (X_1)	10	0.789	0.70	Reliable
Extrinsic Motivation (X_2)	15	0.908	0.70	Reliable
Employee Performance (Y)	13	0.879	0.70	Reliable

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The Cronbach's alpha values for all variables exceeded the minimum reliability threshold of 0.70. The incentive variable obtained a Cronbach's alpha coefficient of 0.789, extrinsic motivation obtained 0.908, and employee performance obtained 0.879. These results indicate that all research instruments were reliable and demonstrated good internal consistency. The highest reliability coefficient was obtained for extrinsic motivation, indicating a very strong level of consistency among its measurement items. The employee performance instrument also showed a high degree of reliability, while the incentive instrument demonstrated an acceptable and satisfactory level of internal consistency. Therefore, all items for the three variables were retained and considered suitable for subsequent statistical analysis.

4.4 Classical Assumption Tests

4.4.1 Normality Test

Table 5. Normality Test Results

Description	Unstandardized Residual
N	56
Mean	0.0000000
Standard Deviation	4.13865062
Absolute	0.078
Positive	0.078
Negative	−0.058
Test Statistic	0.078
Asymp. Sig. (2-tailed)	0.200
Monte Carlo Significance	0.526
99% Lower Bound	0.514
99% Upper Bound	0.539

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The One-Sample Kolmogorov–Smirnov test produced an Asymp. Sig. (2-tailed) value of 0.200, which was greater than the significance level of 0.05. Therefore, the regression residuals were considered normally distributed, indicating that the regression model satisfied the normality assumption.

4.4.2 Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Model	B	Std. Error	Beta	t	Significance
Constant	2.312	2.379	–	0.972	0.335
Incentives	0.045	0.072	0.117	0.627	0.534
Extrinsic Motivation	−0.039	0.048	−0.153	−0.823	0.414

Dependent variable: LN_RES.
Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The significance values for incentives and extrinsic motivation were 0.534 and 0.414, respectively. Both values were greater than 0.05, indicating that no heteroscedasticity problem was detected in the regression model. Thus, the variance of the residuals can be considered sufficiently constant across the observations.

4.4.3 Multicollinearity Test

Table 7. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Incentives	0.536	1.867	No multicollinearity
Extrinsic Motivation	0.536	1.867	No multicollinearity

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

Both independent variables had tolerance values of 0.536, which exceeded 0.10, and variance inflation factor values of 1.867, which were below 10. These results indicate that no multicollinearity problem existed between incentives and extrinsic motivation. Therefore, both variables could be included simultaneously in the regression model.

4.4.4 Multiple Linear Regression Analysis

Table 8. Multiple Linear Regression Results

Model	B	Std. Error	Beta	t	Significance
Constant	29.073	5.021	–	5.791	<0.001
Incentives	0.274	0.152	0.270	1.800	0.077
Extrinsic Motivation	0.257	0.101	0.384	2.559	0.013

Dependent variable: Employee Performance.
Source: Primary data processed using IBM SPSS Statistics 27 (2026).

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Based on Table 8, the multiple linear regression equation is formulated as follows:

$$Y = 29.073 + 0.274X_1 + 0.257X_2 + e$$

The constant value of 29.073 represents the predicted employee performance score when incentives and extrinsic motivation are assumed to be zero. The regression coefficient for incentives was 0.274, indicating that a one-unit increase in incentives was associated with a 0.274-unit increase in employee performance, assuming that extrinsic motivation remained constant. Similarly, the regression coefficient for extrinsic motivation was 0.257, indicating that a one-unit increase in extrinsic motivation was associated with a 0.257-unit increase in employee performance, holding incentives constant. Both coefficients were positive, indicating positive directional relationships with employee performance.

4.4.5 Partial Test

The partial effects of incentives and extrinsic motivation on employee performance were assessed using the t-test. The results are summarized in Table 9.

Table 9. Partial Test Results

Variable	t-calculated	t-table	Significance	Decision
Incentives	1.800	2.005	0.077	Not Significant
Extrinsic Motivation	2.559	2.005	0.013	Significant

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

Incentives obtained a t-value of 1.800, which was lower than the critical t-value of 2.005, with a significance value of 0.077. Because the significance value exceeded 0.05, incentives did not have a statistically significant partial effect on employee performance. Although the regression coefficient was positive, the statistical evidence was insufficient to confirm a significant independent effect of incentives on employee performance.

Extrinsic motivation obtained a t-value of 2.559, which exceeded the critical t-value of 2.005, with a significance value of 0.013. Since the significance value was lower than 0.05, extrinsic motivation had a positive and statistically significant effect on employee performance. This result indicates that improvements in external motivational factors were associated with higher employee performance at PT Isuto Sukses Jaya.

4.4.6 Simultaneous Test

Table 10. Simultaneous Test Results

Model	Sum of Squares	df	Mean Square	F	Significance
Regression	533.061	2	266.531	14.995	<0.001
Residual	942.064	53	17.775	–	–
Total	1,475.125	55	–	–	–

Dependent variable: Employee Performance.
Predictors: Incentives and Extrinsic Motivation.
Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The simultaneous test produced an F-value of 14.995 with a significance value of less than 0.001. Because the significance value was below 0.05, incentives and extrinsic motivation jointly had a statistically significant effect on employee performance at PT Isuto Sukses Jaya. This finding indicates that although incentives were not statistically significant when examined individually, incentives and extrinsic motivation collectively contributed significantly to variations in employee performance.

4.5 Coefficient of Determination

Table 11. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.601	0.361	0.337	4.216

Predictors: Incentives and Extrinsic Motivation.
Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The R Square value of 0.361 indicates that incentives and extrinsic motivation collectively explained 36.1% of the variation in employee performance. The remaining 63.9% was explained by other factors not included in the present research model. The adjusted R Square value of 0.337 further indicates that, after adjustment for the number of predictors included in the model, approximately 33.7% of the variation in employee performance could be explained by incentives and extrinsic motivation.

4.6 Summary of Hypothesis Testing

Table 12. Summary of Hypothesis Testing Results

Hypothesis	Relationship Between Variables	Significance	Result
H1	Incentives → Employee Performance	0.077	Not Supported

H2	Extrinsic Motivation → Employee Performance	0.013	Supported
H3	Incentives and Extrinsic Motivation → Employee Performance	<0.001	Supported

Source: Primary data processed using IBM SPSS Statistics 27 (2026).

The hypothesis testing results demonstrate that incentives did not have a statistically significant partial effect on employee performance; therefore, H1 was not supported. In contrast, extrinsic motivation had a positive and statistically significant effect on employee performance, indicating that H2 was supported. Furthermore, incentives and extrinsic motivation simultaneously had a significant effect on employee performance, thereby supporting H3.

4.7 Discussion

4.7.1 The Effect of Incentives on Employee Performance

The results indicate that incentives had a positive regression coefficient of 0.274 but did not have a statistically significant effect on employee performance, as indicated by a significance value of 0.077. This finding suggests that higher incentives tended to be associated with better employee performance; however, the relationship was not sufficiently strong to demonstrate a statistically significant independent effect. Therefore, incentives cannot be considered a primary factor distinguishing the level of employee performance at PT Isuto Sukses Jaya.

The insignificant effect may indicate that the incentives received by employees have become perceived as a routine component of compensation rather than a reward explicitly linked to individual performance. When additional payments are regularly received regardless of substantial differences in employee achievement, employees may perceive them as an expected entitlement rather than as a performance stimulus. Consequently, incentives may have limited motivational value when their amount is not sufficiently differentiated according to workload, achievement, productivity, or work quality.

This interpretation is supported by recent empirical evidence showing that compensation does not necessarily have a direct effect on employee performance. Employee commitment and job satisfaction were found to contribute significantly to performance, whereas compensation did not demonstrate a significant direct effect, suggesting that financial rewards alone may be insufficient to generate higher performance outcomes (Sabrina & Prabantoro, 2025).

The present finding is also consistent with evidence demonstrating that incentive and reward systems may influence employee performance through job satisfaction rather than through a direct relationship. This indicates that employees may first evaluate whether rewards generate satisfaction, fairness, and recognition before such rewards are translated into higher levels of performance (Alkandi et al., 2023).

The effectiveness of reward systems is therefore determined not only by the monetary value of incentives but also by employees' perceptions of fairness, transparency, relevance, and correspondence between individual contributions and organizational rewards. Reward systems that fail to establish a clear connection between achievement and compensation may provide weaker behavioral incentives and may be less effective in stimulating sustained improvements in employee performance (Figueiredo et al., 2025).

The timing, form, and frequency of rewards may also determine their effectiveness. More frequent cash rewards have been found to produce stronger performance responses than tangible non-cash rewards of an equivalent value, indicating that incentive design is an important consideration beyond the nominal amount of the reward itself (Newman et al., 2024).

Nevertheless, the present finding differs from studies reporting positive and significant relationships between incentive strategies and employee performance. Incentive strategies combining intrinsic and extrinsic rewards have been found to improve employee performance, with job satisfaction and organizational commitment playing important roles in explaining the effectiveness of the incentive system (Marcel & Mohammad, 2026).

These contrasting findings demonstrate that the effect of incentives on performance is context dependent. Differences in organizational characteristics, employee expectations, incentive structures, performance evaluation systems,

organizational culture, and perceptions of distributive fairness may result in different employee responses to financial rewards. Therefore, the insignificant effect identified at PT Isuto Sukses Jaya should not be interpreted as indicating that incentives are unimportant, but rather that their current design may not independently generate sufficiently strong differences in employee performance.

From a managerial perspective, PT Isuto Sukses Jaya may need to evaluate whether its incentive and attendance-related allowance systems are sufficiently linked to measurable performance outcomes. Incentives may become more meaningful when they are differentiated according to objective indicators such as production quantity, printing quality, completion time, attendance and discipline, material efficiency, achievement of production targets, and reduction of work errors. The transparency of incentive criteria should also be strengthened so that employees can clearly understand the relationship between their contributions and the rewards received.

4.7.2 The Effect of Extrinsic Motivation on Employee Performance

Extrinsic motivation had a positive and statistically significant effect on employee performance, with a regression coefficient of 0.257 and a significance value of 0.013. This finding indicates that stronger external motivational conditions were associated with higher employee performance at PT Isuto Sukses Jaya. The standardized beta coefficient for extrinsic motivation was 0.384, which was higher than the standardized beta coefficient for incentives of 0.270, suggesting that extrinsic motivation showed a stronger relative association with employee performance within the estimated regression model.

Extrinsic motivation in this study encompasses several external work-related conditions, including recognition from supervisors, quality of supervision, organizational policies, job security, workplace relationships, promotion opportunities, and working conditions. These factors can strengthen employees' perceptions that their contributions are recognized and that the organization provides sufficient support for them to perform their responsibilities effectively.

The finding is consistent with empirical evidence showing that extrinsic motivation can contribute to job performance because employees respond to external organizational conditions, rewards, career opportunities, supervision, and workplace arrangements. However, the magnitude of motivational effects may vary according to the nature of the job and the institutional environment in which employees perform their duties (Elamalki et al., 2024). Both monetary and non-monetary motivational mechanisms can also contribute to employee performance. Monetary motivation provides tangible economic benefits, whereas non-monetary motivation through training, career development, supportive working conditions, and organizational recognition can strengthen job satisfaction, responsibility, service quality, and other non-financial dimensions of performance (Ce et al., 2025).

The present findings are further supported by recent evidence from Indonesia showing that work motivation has a positive and significant effect on employee performance. Employees with stronger motivation tend to demonstrate higher levels of work quality, responsibility, and productivity, indicating that motivational mechanisms remain important determinants of organizational performance (Raskin et al., 2026).

Similar evidence shows that work motivation, job satisfaction, work discipline, and the work environment can each contribute positively to employee performance. Motivation was identified as the strongest contributor among several organizational factors examined, reinforcing the importance of motivational conditions in explaining variations in employee performance (Osiani et al., 2026).

The significant role of extrinsic motivation is also relevant to manufacturing environments. Research conducted in an electronic manufacturing setting demonstrated that work motivation significantly influenced job satisfaction, which subsequently contributed positively to employee performance, indicating that motivational conditions may influence performance both directly and through employees' positive work attitudes (Azmy & Sigalingging, 2025).

The importance of combining financial and non-financial incentives is further supported by evidence indicating that employees value not only monetary compensation but also recognition, respect, supportive supervision, and favorable working

conditions. Motivation systems are therefore more effective when organizations consider employees' economic needs together with their professional and psychological expectations (Ghasemi & Shakerian, 2025).

These findings imply that PT Isuto Sukses Jaya should not rely exclusively on additional financial incentives to improve employee performance. Management should also strengthen communication between supervisors and employees, provide timely recognition for good performance, clarify opportunities for promotion and career development, maintain employment security, and ensure a safe and supportive working environment. These external organizational conditions may provide a stronger and more sustainable motivational foundation for improving employee performance.

4.7.3 The Effect of Incentives and Extrinsic Motivation on Employee Performance

The simultaneous test showed that incentives and extrinsic motivation jointly had a statistically significant effect on employee performance, as indicated by an F-value of 14.995 and a significance value of less than 0.001. This result indicates that both variables collectively contributed to explaining variations in employee performance at PT Isuto Sukses Jaya.

The significant simultaneous effect does not contradict the insignificant partial effect of incentives. The F-test evaluates whether the independent variables collectively contribute to the explanatory ability of the regression model, whereas the t-test evaluates the unique contribution of each independent variable while controlling for the other predictor. Therefore, incentives can contribute to the overall explanatory model even though their individual coefficient does not reach statistical significance when extrinsic motivation is simultaneously included.

The regression results suggest that employee performance cannot be adequately explained by financial incentives alone. Employees also respond to recognition, managerial relationships, job security, organizational policies, supervision, career opportunities, and workplace conditions. Consequently, the integration of financial and non-financial motivational mechanisms may provide a more comprehensive approach to improving employee performance than relying on a single reward mechanism.

This interpretation is consistent with evidence showing that monetary and non-monetary motivation can contribute differently to various dimensions of employee performance. Financial rewards tend to provide immediate economic reinforcement, whereas non-financial motivational mechanisms can strengthen satisfaction, responsibility, professional development, and the quality of employees' contributions over a longer period (Ce et al., 2025).

Reward systems also generate stronger organizational outcomes when financial and non-financial practices are integrated with principles of fairness, transparency, recognition, and alignment with organizational objectives. An effective reward system should therefore be understood as a broader human resource management mechanism rather than merely as the distribution of additional financial compensation (Figueiredo et al., 2025).

Recent systematic evidence similarly emphasizes that compensation should be integrated with training and development, performance appraisal, employee engagement, leadership, and other human resource management practices to achieve stronger organizational performance. This indicates that the effectiveness of compensation and motivational practices depends partly on how they are combined within a comprehensive human resource management system (Arfah, 2026).

The findings therefore suggest that PT Isuto Sukses Jaya should adopt an integrated performance improvement strategy. Financial incentives can be linked more clearly to objective performance targets, while extrinsic motivational conditions should be strengthened through supervisor recognition, effective communication, employment security, transparent policies, supportive workplace relationships, appropriate supervision, and clear career opportunities. Such an integrated approach may provide a stronger basis for sustained improvements in employee performance.

Coefficient of Determination of Employee Performance

The coefficient of determination produced an R Square value of 0.361, indicating that incentives and extrinsic motivation collectively explained 36.1% of the variation in employee performance. The

remaining 63.9% of the variation was not explained by the two predictors included in the present model. This unexplained proportion should not be interpreted as evidence that particular unmeasured variables definitely influence employee performance, but rather as an indication that additional determinants may need to be considered in future research.

Employee performance is a multidimensional outcome that can potentially be associated with factors such as job satisfaction, work discipline, leadership, employee competence, work experience, workload, organizational culture, organizational commitment, working conditions, career development, and employee engagement. Recent research has demonstrated that motivation, job satisfaction, work discipline, and the work environment collectively explain substantial variation in employee performance, illustrating the importance of considering broader organizational and individual factors (Osiani et al., 2026).

Career development may also represent an important additional factor because opportunities for professional advancement can encourage employees to strengthen their competencies and improve their work outcomes. Empirical evidence from Indonesia has shown that career development has a positive and significant effect on employee performance, suggesting that development opportunities should be considered in broader employee performance models (Aisya et al., 2024).

Job satisfaction is another variable that deserves particular attention in future research. Research in a manufacturing context indicates that job satisfaction can function as an important mechanism through which motivation and other organizational factors are translated into employee performance (Azmy & Sigalingging, 2025). Similarly, incentive and reward systems may affect employee performance through job satisfaction rather than exclusively through direct effects (Alkandi et al., 2023).

Organizational commitment may also be considered as a potential moderating or explanatory variable because employees with stronger organizational attachment may respond differently to organizational rewards and incentive practices. The relationship between incentive strategies and employee performance has been shown to involve both job satisfaction and organizational commitment, indicating that these employee attitudes may help explain why similar incentive policies produce different performance outcomes across organizations (Marcel & Mohammad, 2026).

Future studies could therefore expand the present model by incorporating job satisfaction, organizational commitment, career development, leadership, work discipline, employee engagement, or the work environment as additional independent, mediating, or moderating variables. Such an extension may provide a more comprehensive explanation of employee performance at PT Isuto Sukses Jaya and help clarify the mechanisms through which financial and non-financial organizational practices influence employee behavior.

5. Conclusion

This study concludes that incentives did not have a significant partial effect on employee performance at PT Isuto Sukses Jaya. This result was indicated by a t-value of 1.800, which was lower than the t-table value of 2.006, and a significance value of 0.077, which exceeded 0.05. In contrast, extrinsic motivation had a positive and significant effect on employee performance, with a t-value of 2.559, exceeding the t-table value of 2.006, and a significance value of 0.013, which was below 0.05. Simultaneously, incentives and extrinsic motivation had a significant effect on employee performance. Both variables explained 36.1% of the variation in employee performance, while the remaining 63.9% was explained by factors outside the research model.

These findings imply that PT Isuto Sukses Jaya should place greater emphasis on strengthening extrinsic motivation through appropriate rewards, managerial recognition, supportive supervision, a conducive work environment, job security, and career development opportunities. The incentive system should also be evaluated to ensure greater fairness, transparency, timeliness, and a clearer linkage between rewards and employee performance achievements.

This study is limited to a single company, a sample of 56 respondents, two independent variables, and questionnaire-based data. Future studies are recommended to involve larger samples and broader organizational settings and to incorporate other variables, such as job satisfaction, work discipline,

leadership, competence, work environment, and organizational commitment. Future research may also examine job satisfaction as a mediating variable in the relationship between incentives and employee performance.

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