

ANALYSIS OF INCENTIVE, WORK DISCIPLINE, AND EDUCATION LEVELS THAT INFLUENCE EMPLOYEE PERFORMANCE

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Abstract: This study aims to determine the effect of incentives, work discipline, and level of education both simultaneously and partially to the performance of employees of PT. Wahana Ottomitra Multiartha, Tbk Blitar city branch. The subject of this research is the employees of the marketing division as much as 40 respondents. Data analysis technique used is multiple linear regression analysis. The results of this study indicate that the contribution of incentive variable, work discipline, and education level have positive influence simultaneously. F test results indicate if the variables of incentive, work discipline, and level of education simultaneously have a significant effect on employee performance. The result of t test is known if incentive variable, work discipline, and education level partially have a significant effect on employee performance. The result of multiple regression analysis shows that if all the regression coefficients are positive, there is a positive influence of incentive variable, work discipline, and education level with employee performance variable. From these results, indicate that work discipline variable has the greatest regression coefficient value. It means that employee performance variable is more influenced by work discipline variable. If work discipline is increasing, then employee performance will increase as well.

Keywords: incentives, work discipline, education level, employee performance.



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Human resources is an important asset in a company to be able to develop the company. Although sophisticated technology and other resources are adequate, without the support of skilled and reliable human resources then the activities of the company will not run properly. The company strives to improve the performance of its employees because the company's

success is influenced by employee performance. According Hasibuan (2012), that the performance is the embodiment of work performed by employees who are generally used as a basis for assessment of employees or organizations.

An employee works in general because of the drive to fulfill the life necessities in order to meet these needs, employees receive rewards from the company. One of the rewards given by the company to employees is incentives. Incentives are another form of direct compensation other than the salary and wages that it is compensation system based on performance (Moeheriono, 2012). With the right incentive policies and in accordance with

the career path will encourage employees to work better. In addition to achieving its goals, the company requires employees who discipline to comply with company regulations. With good work, discipline is expected to create an orderly environment and support employee performance. The implementation of discipline in the workplace, is initially felt to be heavy by the employees, but if it continues to apply will become a habit, and discipline will not be a heavy burden for employees. This discipline needs to be applied in the work environment because the discipline is not attached to it, but there needs to be guided in applying this work discipline.

Employee performance is also influenced by the high level of education, this is because education is considered capable of producing high-quality workforce, has a modern mindset and ways of acting. Human resources like this are expected to advance the company into a better future. PT. Wahana Ottomitra Multiartha, Tbk. (PT.WOM), is a company engaged in the lease that entered in the five largest financing companies in Indonesia. The author selects the marketing division because only in this division is given incentives. In addition, in the marketing division also found the educational background, as well as different disciplinary attitudes that affect the performance of employees. The educational specifications in this company at least Diploma 3. The discipline of employees depends on the rules set by PT. WOM Finance and awareness of each individual. Incentives earned by each employee at PT. WOM Finance also varies depending on the revenue from the sales. In addition, based on pre-survey on field work practices, the attendance rate of employees in the workplace is still not maximally indicated by the lack of time discipline in work such as the presence of employees who are late to work, but at the time of work from the employees at PT. WOM Finance is willing to make overtime to complete unfinished work even though there is no additional incentive or reward given by PT. WOM Finance.

The theoretical benefits of this research are as reference materials to deepen the theory of Human Resource Management related to incentive variables, work discipline, educational level, and em-

ployee performance. The practical benefits of this research are the results of the research and the results of the analysis can be used as advice and input for the strategy of determining incentives, rewards, punishment, recruitment, employee selection, and employee development that can improve employee performance for the progress of PT. WOM Finance Blitar Branch with respect to supporting variables. Benefits for academics are the results of the analysis is expected to provide insight and information about the variables of incentives, work disciplines, and levels of education that affect the performance of employees in a leasing company. There is no possibility that readers can continue this research to be more specific.

Literature review

Incentive

Incentives are a component of compensation and both have a close and decisive relationship in achieving the goals and objectives of the organization as a whole. According to Wibowo (2013), incentives link rewards and performance by providing performance rewards not based on seniority or working hours. According to Rivai (2004), suggests that one of the reasons for the importance of incentive payments is due to inconsistency in the level of compensation paid to executives with other workers. Incentive programs are one way to enable all workers to feel with the company's prosperity. In addition, there is a growing awareness that traditional payment programs are often not good at linking payments with performance. If organizations are to achieve their strategic initiatives, then payments need to be linked to performance so that payments follow employee goals and organizational goals.

According to Siagian (2002), Types of incentives are material incentives and non-material incentives. Material incentives include bonuses, commissions, profit sharing, deferred compensation, and old-age assistance. Non-material incentives include social security, awarding of awards, promotions, and oral or written praise. With this incentive, the company is able to encourage employee enthusiasm, so that employees continue to improve the results of

its performance that will increase corporate profits in achieving goals.

Work Discipline

Discipline is a procedure that corrects subordinates for violating established rules. Discipline is a form of employee self-control and regular execution and shows the level of the earnestness of work teams within the organization (Simamora, 2005). According to Sastrohadiwiryo (2005), in particular, the purpose of employee discipline is that employees keep all the rules and policies of the employment and organization that apply, both written and unwritten, and carry out management orders properly. The second is that the employee can perform the job as well as possible and be able to provide maximum services to certain parties who are interested in the organization in accordance with the field of work given to him. The third is that employees can use and maintain facilities and infrastructure, goods and services of the organization as well as possible. The fourth is that employees can act and participate in accordance with the norms applicable to the organization. The last is the employees are able to produce high productivity in accordance with the expectations of the organization, both in the short and long term. Hasibuan (2012) explains that work discipline has several types of compliance with all company regulations, effective use of time, job responsibilities, and absenteeism.

Level of education

The level of education adopted and owned by someone basically an effort in order to obtain a good performance. According to Hasbullah (2009), states that education is often defined as a human effort to foster his personality according to cultural values and society. Education is an effort undertaken by a person or group of others to become mature or to achieve a higher level of living or livelihood in a mental sense. According to the National Education System Act No. 2 of 1989 article 10 argues that education is divided into:

1. Formal education covering various levels of education from elementary school (SD) to college.
2. Outside school education is divided into:
 - a. Non-formal education that includes educational institutions outside the school, such as courses, seminars, and packet A.
 - b. Informal education that includes family education, community, and school programs, such as radio or television lectures and educational information in newspapers or magazines.

Of the above types of education, informal education is the first known and most important role. This is because in a simple society the only form of education known is informal education.

Employee performance

Mangkunegara (2007) defines performance as a comparison of outcomes achieved with the role of labor unity of time (typically hourly). According to Armstrong and Baron in Wibowo (2013), performance is the result of work that has strong relationships with organizational strategic goals, customer satisfaction, and contribute to the economy. There are many factors that influence the advancement or absence of a company especially on the performance of employees. According Wirawan (2009) employee performance is the result of the synergy of a number of factors namely:

1. An internal factor of the employee is a factor of within the employee who is innate from birth and the factors gained when developing. The innate factors, such as talent, personal nature, and physical state. Factors obtained, such as knowledge, skills, work experience and work motivation.
2. Internal environmental factors of the organization is the employees need the support of the organization where work. For example, support resources needed to carry out work, management systems, and compensation.
3. Organizational external environmental factors are circumstances, events, or situations that

occur in the external environment of an organization that affects employee performance.

Relationship between Variables

Relationship between Incentives and Employee Performance

Material incentives and non-material incentives have a significant effect on performance. So in giving incentives, the company must know the needs of each employee. With the need, someone will be motivated to do the job well and automatically lead to increased performance productivity. With the increased employee productivity is expected the company can get a lot of profit.

Relationship between Work Discipline and Employee Performance

Every employee must have a work discipline within the organization or company, such as complying with written or unwritten rules that have been set by the company because it can create a conducive and harmonious work environment that will have a positive impact on the performance of employees. According to Ahmadi (2009), employee discipline is part of the performance factor. Prasetyo (2008), states that one of the determinants of the

effectiveness of performance is the discipline of work. Work discipline must be owned by every employee and should be cultivated among employees in order to support the achievement of organizational goals because it is a manifestation of compliance with the rules of work and also as a self-responsibility to the company.

Relationship between Education Level and Employee Performance

Education passed by employees is very influential in determining his personality. A high level of education of an employee will affect his ability to achieve optimal performance. The education within the organization is a process of developing the capabilities towards the desired by the organization concerned. The higher a person’s education, the higher the quality of his or her human resources are expected. Without the provision of education, impossible people will easily learn things that are new in the way or a working system.

Hypothesis

The hypothesis that can be formulated in this study are:

Table 1 Research Variables and Operational Definition

Variables	Indicator	Measurement
Incentive (X ₁)	Material incentives are the commissions (Siagian, 2002)	Likert scale
Work discipline (X ₂)	1. Comply with all company regulations 2. Use of time effectively 3. Responsibility in work and duties 4. Absenteeism (Hasibuan, 2012)	Likert scale
Level of education (X ₃)	Pendidikan formal: D3 dan S1	Ordinal scale
Employee performance (Y)	1. Quantity that exceeds the average 2. Quantity better than other employees 3. Employee standards that exceed the company’s official standards 4. Employee-related knowledge 5. Creativity of employees in carrying out the work	Likert scale

- H1: Incentives have a positive effect on employee performance.
- H2: Work discipline has a positive effect on employee performance.
- H3: Education level positively affects employee performance.
- H4: Incentives, work discipline, and education level, simultaneously positive effect on employee performance.

Research methods

This research is a quantitative descriptive research. The variables studied are two kinds of independent variables (incentives, work discipline, and level of education) and dependent variable (employee performance).

This research was conducted on marketing division employees at WOM Finance company Blitar City Branch as much as 40 employees by using census method. Methods of collecting data with questionnaires. Data analysis method is instrument test with validity and reliability test, multiple linear regression, F test, t test, and classical assumption which include normality, multicollinearity, heteroscedasticity, and autocorrelation.

Results and Discussion

Validity and reliability test results show if each item of the variable indicates valid and reliable so it is feasible to be used as a measuring tool of the

variables studied. The results of the classic assumption test indicate if the resulting regression model meets the assumption of normality as well as free from multicollinearity problems, heteroscedasticity, and autocorrelation. The results of multiple regression analysis can be seen in the following table:

The regression equation formed is

$$Y = 3.179 + 0.388 X_1 + 0.550 X_2 + 2.107 X_3$$

1. $b_1 = 0.388$ Indicates if the incentive variable (X1) has a positive effect on employee performance (Y)
2. $b_2 = 0.550$ Indicates if the work discipline variable (X2) has a positive effect on employee performance (Y)
3. $b_3 = 2.107$ Indicates if the educational level variable (X3) has a positive effect on employee performance (Y). In D3 education, the constant value is 2,107 Because D3 is 0. Bachelor is 1, the constant value is $3,179 + 2,107 = 5,286$.

Correlation coefficient value (R) is 0.777 Indicates if the incentive variable (X1), work discipline (X2), and education level (X3) have a strong relationship with employee performance. The coefficient of determination value (*adjusted R*²) is 0.570 indicates if the contribution of incentive variable (X1), work discipline (X2), and education level (X3) that can affect the dependent variable is employee performance (Y) amounted to 57.0% and

Table 2 Regression Analysis Results

independent variables	Regression Coefficients (B)	t hitung	Sig
X1	0.388	3.033	0.004
X2	0.550	4.293	0.000
X3	2.107	3.587	0.001
Constant	: 3.179		
F hitung	: 18.244		
Sig F	: 0.000		
R	: 0.777		
Adjusted R ²	: 0.570		
F tabel	: 2.866		
T tabel	: 2.028		

Source: Primary data was processed with SPSS 17.0 (2016)

the remaining 43% explained by other factors not discussed in this study.

The test results simultaneously with the F test is known if the value of *F hitung* (18.244) is greater than the value of *F tabel* (2.866) and the Sig F value is produced under the sig 0.05 (5%) so that the decision taken is H0 rejected and Ha accepted means variable Incentives (X1), work discipline (X2), and education level (X3) simultaneously have a significant influence on employee performance variable (Y).

Partial test results with t test can be explained as follows:

1. Incentive Variable (X1) with value of *t hitung* (3.033) is greater than the value of *t tabel* (2.028) and resulting the value of Sig t (0.004) is smaller than the value of sig 0.005 (5%) So the decision was taken is H0 rejected and Ha accepted can be concluded if the incentive variable (X1) have a significant effect on employee performance (Y).
2. Work Discipline Variable (X₂) with value of *t hitung* (4.293) is greater than the value of *t tabel* (2.028) and resulting the value of Sig t (0.000) is smaller than the value of sig 0.005 (5%) So the decision taken is H0 rejected and Ha accepted can be concluded if the variable discipline of work (X2) have a significant effect on employee performance (Y).
3. Education level Variable (X₃) with value of *t hitung* (3.587) is greater than the value of *t tabel* (2.028) and resulting the value of Sig t (0.001) is smaller than the value of sig 0.005 (5%) So the decision was taken is H0 rejected and Ha accepted can be concluded if the variable level of education (X3) has a significant effect on employee performance (Y).

Discussion

The Effect of Incentives on Employee Performance

The results of the research indicate if incentives have a significant effect on employee performance means that the greater the incentives given the company then the employee's performance will

be better. This supports the opinion of Wibowo (2012), that incentives have a relationship with the performance of employees because every employee who has given his best performance would expect a reward in addition to salary or wages in addition to incentives.

The Effect of Work Discipline on Employee Performance

The result of the research shows that if the work discipline has a significant effect on the employee performance, it means that the better the work discipline of the employee, the employee performance will increase. This supports the opinion of Prasetyo (2008), that one of the determinants of performance effectiveness is work discipline. Therefore, it is expected that companies can provide and implement policies to make employees work more disciplined.

The Effect of Education level on Employee Performance

The results showed that the level of education has a significant effect on employee performance means that the higher level of employee education then the employee's performance will be better. The high level of education of an employee will affect his ability to achieve optimal performance. The influence of this level of education then it should be in the process of employee recruitment then the company pays attention to the level of employee education.

Research Implications

Theoretically, the results of this study support the theories that have been proposed that incentives, work discipline, and level of education have a significant effect on employee performance. Practically, it can be argued that incentives are an important aspect of motivating employees to improve their performance. Therefore, the company should pay attention to the system of giving incentives and give it proportionally in accordance with the performance produced by employees so that the company also get positive impacts such as increased profits, better corporate image, etc. Related to the disci-

pline of work then the company should be able to create policies that can encourage employees to work well with the implementation of rewards and punishment. The existence of a significant influence of the level of education of employee performance then the company should pay attention to the level of education of prospective employees in recruiting employees for the company.

Conclusion

Overall, incentives, work disciplines, and educational levels have a good impact on employee performance. Therefore, the results can be concluded that testing of hypotheses about the influence of incentives, work discipline, and level of education simultaneously on employee performance is acceptable. Individually, incentives, work discipline, and educational levels have an impact on employee performance improvement. It can be proven that if the company adds incentives, improves the level of work discipline of employees, and attention to the level of education in employee recruitment and develop employee skills in the work, then it will be able to improve employee performance.

Suggestion

It is expected that the company can maintain and improve service to the discipline of work, because of the variable work discipline has a dominant influence in backing affect employee performance, including by giving punishment if action were not disciplined, and provide rewards for employees whose level of discipline so well that the performance of employees will increase. It is expected that the results of this study can be used as a

reference to examine the other variables beyond the variables that have been used in this study that affect employee performance by using different scales or measurements to get more significant results.

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