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**The Effect of Providing Incentives on Employee Performance at the Makassar City  
Regional Drinking Water Company (PDAM)**

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**Abstract**

*This research aims to determine the effect of providing incentives on employee performance at the Makassar City Regional Drinking Water Company (PDAM). The type of data used in this research is quantitative data obtained from distributed questionnaires and is related to the problem being studied. Data collection techniques were carried out using questionnaires, observation and documentation. In this research, the data sources used in data collection include primary data and secondary data. The population in this study were 77 employees of the Regional Drinking Water Company of Makassar City. The sample used in this research was 77 respondents. The research instrument used in this research used the Likert scale (method). Based on the results of data research using statistical calculations through the Statistical for the Social Science (SPSS) version 26 application regarding the Effect of Providing Incentives on Employee Performance at the Makassar City Regional Drinking Water Company (PDAM) which was discussed previously, the author draws an important conclusion, (namely) that Incentives have an effect positive and significant on Employee Performance at the Regional Drinking Water Company (PDAM) of Makassar City as evidenced by the Incentive regression coefficient (X) value of 0.460 and the t count value of 8.759 > t table 1.665 with a significant value of 0.000 < 0.05.*

**Keywords: Incentives, Performance**

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**INTRODUCTION**

The main objective of establishing a company, whether a service company, manufacturing company or trading company, is to make a profit and maintain the company's survival. The company was founded not just for a moment's purpose and it is enough to make a profit once, after it stops operating. In order to maintain the company's survival and obtain maximum profits, effective management is required to achieve certain goals.

Human resources are an important factor in a company because they act as the main driver of all activities within the company. Human resources are considered the most valuable asset in determining the success or failure of achieving a company's goals. Considering its important role for the company, Human Resources need to be managed well. Many companies are trying to find ways and solutions so that existing resources can perform well. One of the methods taken by companies to optimize the performance of their employees is by implementing a policy of providing incentives so that within them a greater enthusiasm arises to improve work performance so that their productivity and performance increases. Providing incentives in a company plays an important role because it is believed to be able to overcome various problems in the workplace such as low performance due to employee morale and passion for work which is still not completely good, this can be due to a lack of work motivation and the absence of additional income for employees other than salary. For companies, providing incentives is expected to improve employee performance.

Providing incentives is one of the main things that companies must pay attention to. Whether employees are enthusiastic or not can also be caused by the size of the incentives they receive. If employees do not receive incentives commensurate with the amount of sacrifice they make at work, then these employees tend to be lazy and unenthusiastic and end up working as they please without high motivation. By providing the right incentives and good working methods, in the future, the company's work processes can run according to the company's goals.

According to Kadarisman (2014: 198) incentives are awards or rewards given to motivate workers to have high work productivity, they are not fixed or at any time.

Thus, it can be stated that incentives are elements of income or remuneration that are provided on an irregular or variable basis depending on the conditions of employee work performance. From the theory put forward, incentives are the provision of money outside the salary that employees should receive, which is given by company management as recognition of employee performance to the company. So the greater an employee's contribution to the company, the greater the company should give as a reward to the employee.

Incentives are one part of compensation. Compensation is divided into two, namely direct and indirect compensation. Direct compensation in the form of salary, wages, incentives and bonuses. Meanwhile, indirectly in the form of health insurance, leave or pension money, educational benefits and social benefits. So, incentives can be interpreted as additional remuneration given to certain employees whose achievements are above standard performance. However, in practice, sometimes companies do not fully provide incentives in accordance with what the employees themselves expect, these symptoms will result in employees' work performance decreasing and they will not be enthusiastic about carrying out the work that has been assigned to the employees.

There are two types of incentives at the Makassar City Regional Drinking Water Company (PDAM), namely financial and non-financial incentives. Financial incentives in the form of Additional Employee Income (TPP), old age security whose funds are collected from the Regional Drinking Water Company of Makassar City or employee contributions determined by the director's decision and employees who have a good average score in the employee work assessment list are given a salary increase periodically. Meanwhile, non-financial incentives in the form of facilities in question are where the company provides facilities that can simplify and expedite existing work. However, incentives have not been given to all employees of the Makassar City Regional Drinking Water Company. Providing incentives takes into account employee achievements and criteria. If he is unable to demonstrate individual work performance, it is clear that he will not get incentives. Apart from that, there are still employees doing their superiors' work because their superiors are not present, so employees feel that their workload is greater than the incentives they receive.

Based on the description above, researchers are interested in raising the research title "The Effect of Providing Incentives on Employee Performance at the Regional Drinking Water Company (PDAM) of Makassar City".

## **RESEARCH METHODS**

The type of research used in this research is quantitative research. According to Sugiyono (2017:8) quantitative research is used to examine certain samples or populations, using random

sampling techniques, collecting data using research instruments, and quantitative or statistical data analysis with the aim of testing predetermined hypotheses. The type of data used by the author is quantitative data, where quantitative data is a type of data that can be measured or calculated directly, in the form of information or explanations expressed in numbers or in the form of numbers. The data sources used in this research are primary data and secondary data. The population in this study was 77 employees of the Makassar City Regional Drinking Water Company (PDAM). And the sample used in this research was 77 employees of the Makassar City Regional Drinking Water Company (PDAM). The data collection method used in this research is through observation, questionnaires and documentation. To answer the research objectives, simple linear regression analysis was used. The simple linear regression test is to measure the magnitude of the influence of the independent variable on the dependent variable. And a hypothesis test or t test is used to determine whether the independent variable, namely incentives (X), has a partial effect on the dependent variable, namely performance (Y). The test uses a significant value ( $\alpha$ ) of 0.05 or a confidence level of 95%.

## RESULTS AND DISCUSSION

### A. Research Result

#### 1. Simple Linear Registration Analysis

This research uses simple linear analysis, namely analysis to determine the relationship between the independent variable and the dependent variable using linear, but in this research only uses an independent variable so it is called simple linear regression. The results of the simple regression analysis test can be seen in the following table:

**Table 1. Simple Linear Regression Test Results**

Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	28.324	3.05	
	Incentives	0.46	0.053	0.711

a. Dependent Variable: Performance

Source: SPSS 26 Data Processing Results, 2024

Based on the data in the table above, the simple regression equation in this study is as follows:

$$Y = 28.324 + 0.460X + e$$

Based on the simple linear regression equation, it can be concluded that:

- Based on the results of the linear equation test above, a constant value of 28.324 is obtained, meaning that if
- The Incentive regression coefficient value is 0.460 (positive) indicating that Incentives have a positive effect on Performance. This value also shows that for every effort to increase the incentive unit, employee performance will increase by 0.460.

**Hypothesis testing**

**1. Partial Test (t Test)**

**Table 2 Partial Test Results (t Test)**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	28.324	3.05		9.286	0
	Incentives	0.46	0.053	0.711	8.759	0

a. Dependent Variable: Performance

Source: SPSS 26 Data Processing Results, 2024

Based on table 4.14 above, it can be seen that the value of  $t_{count} = 8.759 > t_{table} = 1.665$  and the significant value for the Incentive variable obtained is smaller than the standard value of 0.05 with the SPSS analysis results being  $0.000 < 0.05$ . So it can be concluded that there is a positive and significant influence between incentives on performance so that the proposed hypothesis can be accepted or proven.

**B. Discussion**

This research aims to analyze data regarding the Incentive variable for the Performance of Makassar City Regional Drinking Water Company (PDAM) Employees, and the discussion is adjusted to the objectives of this research.

Based on the results of the linear equation test, a constant value of 28,324 is obtained, meaning that if Meanwhile, the Incentive regression coefficient value is 0.460 (positive) indicating that Incentives have a positive effect on Employee Performance. This value also shows that every time there is an effort to increase the amount of incentives, employee performance will increase by 0.460.

Furthermore, the test results that have been carried out from the results of the t test (partial), found that incentives at the Makassar City Regional Drinking Water Company (PDAM) have a significant influence on employee performance. The obtained  $t_{count}$  is greater than  $t_{table}$  ( $8,759 > 1,665$ ) with a significant level of 0.000 smaller than the standard value, namely 0.05. So it can be interpreted that incentives have a positive and significant effect on employee performance.

The final stage, from the results of the R<sup>2</sup> (Determination) test, it is said that R<sup>2</sup> has a value of 0.506, meaning that the Incentive variable has a capacity level of 50.6% and the remaining 49.4% is influenced by other factors that cannot be researched. This means that by providing incentives that are more appropriate and accepted by employees because they are commensurate with the energy and abilities expended and appreciate employees' hard work, employees will behave more professionally by working seriously and making various efforts to achieve better work results. better so that performance can be further improved.

The results of this research are supported by research by Merisa Oktarani (2020) entitled The Effect of Providing Incentives on the Performance of Employees at the Honda Utama Putra Dealer in Pangkalan Bun. The results of his research showed that incentives had an effect on the performance of Honda Utama Putra Dealer employees in Pangkalan Bun by 71.5%.

This research is also supported by research by Faisal Rizky Sabina (2020) entitled The Effect of Incentives on PT Employee Performance. Haleyora Power Rayon Cikembar Sukabumi Regency. The calculation results of the hypothesis test  $t_{count} > t_{table}$  are  $14,071 > 1,997$ . The conclusion is that there is a significant influence between incentives on employee performance.

### CONCLUSION

The purpose of this research is to determine the effect of providing incentives on employee performance at the Makassar City Regional Drinking Water Company (PDAM). Based on the results of the research conducted, the author can conclude.

There is a positive and significant influence of incentives on employee performance at the Makassar City Regional Drinking Water Company (PDAM). This is proven by a simple regression analysis test which obtained the results of the Incentive  $t$  test with  $t_{count} = 8,759 > t_{table} = 1,665$ . Apart from that, it was found that the significant value of incentives on employee performance was  $0.000 < 0.05$ . So it can be concluded that the hypothesis can be accepted. This means incentives for employee performance. With additional incentives, employee performance will also increase.

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