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Research Article

The Role of Employment Satisfaction Mediation on The Effect of Reward on Employee Performance

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ABSTRACT

Employees are one of the most important elements in an organization. This study aims to determine the effect of rewards on employee performance through job satisfaction of non-PNS employees at the Kediri District Transportation Office. This research is included in qualitative research with 3 variables which are Reward, Performance, and Job Satisfaction. The sample used was 48 people with a sample determination using saturated non-probability sampling technique. The measurement scale used is the ordinal scale through the Likert scale with the respondent's answer score 1 to 5. The hypothesis testing in this study uses Partial Least Square Structural Equation Modeling (SEM) statistical analysis and descriptive analysis. The results of the study concluded that reward had no significant effect on employee performance. However, through job satisfaction, rewards have a significant influence on performance.

Keywords: *Job Satisfaction, Reward, Work Performance*

Introduction

Employees of government agencies are required to continue serving the community regardless of the circumstances because employees are a resource that must be owned by an organization and they are assets that will bring the organization to success and achieve the goals they want. According to Built et al. (2019) the definition of performance is the ability of an employee or organization to carry out a job responsibly in accordance with the expected results. Employee performance depends on ability, motivation, and opportunity to

contribute to the organization (Fourkhani & Jarodi, 2023).

The Department of Transportation has tasks related to the development of transportation facilities and infrastructure on strategic routes, especially in centers of economic growth. This agency has 48 non-PNS employees or contract employees. An employee can be judged capable of doing his job through the achievement of performance. Performance is one of the commitments given to the organization that must be lived optimally (Mulyadi & Pancasasti, 2022). In reality, there is a

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discrepancy between actual performance and performance targets that have been set. In interviews conducted with several employees in the transportation sector, the total achievement of 45% is clear evidence that the actual performance of improving facilities and infrastructure in the transportation and traffic sector has not been optimal. Employee work targets have not been achieved due to a decrease in employee performance.

Based on the phenomena that exist in this agency, it causes a decrease in employee morale which is also suspected because employees feel bored and do not face new challenges and situations in their work, this is shown in the presence recapitulation data for non-PNS employees in 2022 that the attendance level recorded is still not optimal. This lack of achievement in attendance can indicate problems with employees. Therefore, to achieve targets more effectively and efficiently, appreciation is needed for employees who excel in the form of rewards (Atsram & Manan, 2023). Rewards are services provided by agencies to employees for the sacrifice of time, energy, and thoughts (Indah & Sari, 2023). Giving this reward aims to foster validation or attitude to be recognized in the work environment which includes aspects of compensation and work relations between employees. The problem with the low level of employee presence is allegedly due to the lack of appreciation given by agencies to employees.

This study is intended to measure the effect of awarding (rewards) on employee performance. Research on the relationship between reward variables and employee performance has been carried out by Margahana (2020) and Gunawan et al. (2023) that the reward variable has no effect on performance. Then, research on the effect of reward variables on performance was also carried out by Juita (2023) and (Muliyani & Permadi, 2023) who concluded that rewards are able to make a positive contribution to employee performance, this is because giving rewards means a bond of cooperation and satisfaction work, thus motivating employees to improve their performance

This lack of appreciation for employees can also affect the level of employee job satisfaction as indicated by the high turnover rate in the last three years. The non-PNS employee turnover

rate at the Department of Transportation tends to increase. If you calculate the average turnover rate in the last 3 years, it is 7.3%, which can be said to be high according to the Kediri Regency Transportation Service Personnel Regulations because it has exceeded the minimum turnover limit of 5%. The turnover rate in an organization is influenced by how satisfied an employee is with the organization.

In an effort to overcome this high turnover rate, there are several things that companies can do, one of which is to increase employee job satisfaction. There are several things that are known to affect job satisfaction as has been proven in research conducted by (Mangkunegara, 2017), namely turnover intention, absentee level, age, job level, and organizational size. A low turnover rate means that the level of job satisfaction felt by employees tends to be high, and vice versa (Hariani, 2022). If employees get satisfaction at work, it will have a positive impact on the organization, employees will be happy to make a more positive contribution. Every employee has an achievement or goal that has been planned, so that his daily behavior will show a motivation to achieve it. According to Robbins & Judge (2013) job satisfaction is the attitude of an individual to compare the suitability between what has been received and the expectations they have.

Literature Review

Rewards

Reward is an award or remuneration given by an organization for achievements that have been achieved by employees as a form of recognition and increasing employee motivation (Gunawan et al., 2023). As a form of motivation, reward is an appreciation given by the company so that employees are motivated to do their job well and provide enthusiasm for work (Pohan, 2021). Giving rewards to employees is related to work performance that has been achieved, therefore employee self-development in achieving an achievement must be considered so that a good work environment is created which will impact on increasing employee performance (Rini, 2013). Reward indicators in this study are bonuses, welfare, career

development, and psychological and social rewards (Mahmudi, 2013).

Employee Performance

The performance of an employee is a procedure that is measured and refers to the range of a specific period based on the agreement that has been made together (Wirya et al., 2020). Performance can also determine the quality of existing human resources in an organization by assessing the responsibilities of an employee in carrying out the tasks he has been given (Silaen et al., 2021). Assessment of work results must at least be commensurate with what the organization wants (Ihsani & Rini, 2023). Employee performance indicators used in this study are quantity, quality, timeliness, effectiveness, and independence (Robbins & Judge, 2016).

Job satisfaction

Job satisfaction is a feeling and expression of someone when they find a work process that matches their expectations (Silitonga & Widodo, 2019). If you look at the opinion of Mangkunegara (2017) job satisfaction is a feeling that can encourage whether or not an employee is committed to the work or task that has been given. A pleasant situation can be achieved if the nature and type of work carried out is in accordance with the interests, talents, and assessments in accordance with the expected needs and values (Kriskito & Rini, 2022).. The indicators of job satisfaction used in this study are work, salary, promotion, supervision, and co-workers (Issa et al., 2013).

Conceptual framework

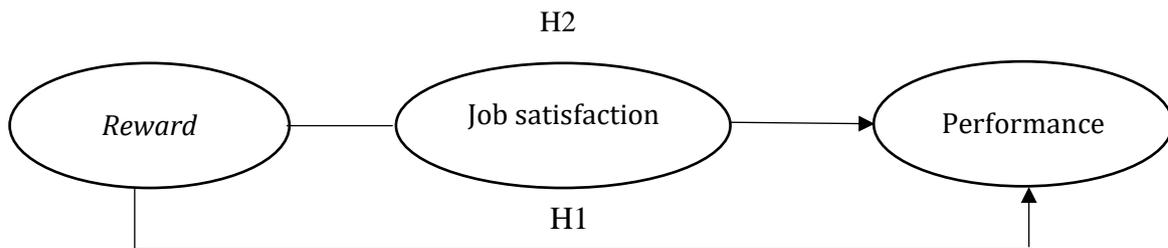


Figure 1. Conceptual Framework
Source: Research Results, 2023

Hypothesis

H1: Rewards have a positive effect on the performance of Non-PNS employees at the Kediri District Transportation Office.

H2: Reward has a positive effect on employee performance through job satisfaction as an intervening variable for Non-PNS employees at the Kediri Regency Transportation Service.

Methods

This study uses the explanatory method for testing hypotheses and uses a quantitative

research approach. The limitation in this research study is human resource management from the employee and organizational aspects. Survey methods using questionnaires and interviews were used in data collection. The population in this study were all employees of the Department of Transportation with a sample of 48 non-PNS employees. The research was carried out at the Kediri Regency Transportation Service Office from January to June 2023. The data analysis technique used was SmartPLS Version 4.0.

Result and Discussion

PLS MODEL ANALYSIS

Table 1. Validity Test

	X	Y	Z
X1	0.916	0.684	0.707
X2	0.938	0.676	0.744
X3	0.951	0.712	0.765
X4	0.923	0.619	0.692
Y1	0.706	0.922	0.739
Y2	0.569	0.879	0.686
Y3	0.568	0.846	0.807
Y4	0.670	0.896	0.679
Y5	0.704	0.910	0.701
Z1	0.686	0.780	0.931
Z2	0.702	0.675	0.891
Z3	0.682	0.692	0.896
Z4	0.717	0.759	0.882
Z5	0.741	0.762	0.920

Source: Research Results, 2023

Based on the picture above, the convergent validity test is completed through analysis of the loading factor value in the cross loading for each indicator against the construct with a

minimum limit of 0.70. As is known in the figure, all values are more than 0.70 so it can be concluded that the measurement meets the convergent validity criteria.

Table 2. R-Square

	R-square
Y	0.693
Z	0.674

Source: Research Results, 2023

The R-Square value describes the amount of variation in the endogenous variables that can be explained by exogenous or other endogenous variables in the model. The qualitative interpretation of the R-Square is 0.19 (low effect) 0.33 (moderate effect) 0.66 (high effect). Based on the processing results above, the

influence of X on Y is 69% (high influence) with the remaining 31% meaning it is influenced by other variables or factors. The magnitude of X on Z is 67% (high influence), which means that there is 33% of the effect, it can be influenced by variables and factors other than X.

Hypothesis Test

Table 3. Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X -> Y	0.098	0.160	0.240	0.409	0.342

Source: Research Results, 2023

Based on the results of testing the hypothesis above, it can be seen that the first hypothesis (H1) is not accepted because the P value is

0.342 > 0.005 so there is no effect of reward on performance with positive results but not significant.

Table 4. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X -> Z -> Y	0.213	0.218	0.108	1.968	0.026

Source: Research Results, 2023

Based on the results of testing the hypothesis above, it can be seen as follows:

The second hypothesis (H2) is acceptable because the P value is $0.026 < 0.05$ so that there is an effect of rewards on performance through job satisfaction with positive and significant results. With the results of such hypothesis testing, the variable job satisfaction is a variable that can fully mediate.

Discussion

Effect of Reward on Employee Performance

The research results from the hypothesis testing that has been done is that rewards have not contributed to employee performance. These results indicate that the second hypothesis is not accepted. That is, the better giving rewards to employees does not affect employee performance. Giving rewards to employees has the goal of motivating employees to excel and give their best abilities to agencies (Margahana, 2020). Employees should not have the mindset that work must be finished, but work must be completed with the best results they can give to the agency. Giving rewards by agencies to employees, especially non-PNS employees in the Kediri Regency Transportation Office has not been implemented optimally, this can also be caused by a lack of motivation from the leadership so that employees are less enthusiastic about producing good achievements, so that giving rewards has no effect on performance employee. Giving this reward must be adjusted to the workload given to employees, which means that each employee will receive a different reward according to the effort he has made.

Based on the test results, it can be seen that career development is the most influential item in this study. Giving rewards in the form of career development by the Kediri Regency Transportation Service does not affect the performance of non-PNS employees. Based on interviews that have been conducted, giving rewards is considered unfair by employees. This

is because there is an imbalance between permanent employees or civil servants and non-PNS employees or contract employees. Non-PNS employees at the Kediri Regency Service do not have a clear career path, because the placement of their field of work is directly determined by their superiors (Head of Field and Head of Service). So that there are still many employees who are placed in fields that are not in accordance with their expertise. The pattern of career development used in the Kediri Regency Transportation Service Staffing still uses the traditional pattern, namely prioritizing years of service and the last level of education. In reality, more than 60% of employees have the last level of education equivalent to high school/equivalent while those with more than ten years of service are more than 50% of the total employees. From this data, it can be concluded that it is still difficult to obtain career development for non-PNS employees because most do not have the opportunity to continue their education. This research disagrees with the research conducted by Juita (2023), Ngwa et al. (2019), Abbas et al. (2021), Manzoor et al. (2021) and Muliyani & Permadi (2023). On the contrary, the second hypothesis in this study is in line with the research conducted by Margahana (2020) and Gunawan et al. (2023).

The Effect of Reward on Employee Performance Through Job Satisfaction

Based on the results of the research conducted, rewards have a contribution to employee performance through job satisfaction, which means that the better the reward system, the higher employee job satisfaction so that it has an impact on improving employee performance as well. The influence possessed by job satisfaction is an indirect influence. So, reward contributes to employee performance if it is mediated by job satisfaction. Where it can be said that the better the implementation of reward by agencies can affect employee perfor-

mance well, but with the condition that job satisfaction has been achieved. The item on the reward that has the greatest influence is career development. Meanwhile, in job satisfaction, there are work items that have the greatest influence. Then finally, the most influential employee performance is the quantity of work. Through this it can be said that if the award is carried out properly, then the employee will be enthusiastic about working and feel satisfied in doing his work, through this the quantity of work will be better, so as to improve employee performance. Employees of the Department of Transportation want appreciation in the form of financial and psychological rewards. Financial rewards can be in the form of bonuses, while psychological rewards can be in the form of praise. In addition, agencies can also provide career development promotions to outstanding employees as a reward for work that has exceeded expectations.

The Kediri Regency Transportation Service has several reward programs that must be given to employees who have achievements or have reached targets beyond expectations. This is of course highly expected by all employees of the Kediri Regency Transportation Service. Implementation of appropriate rewards can increase job satisfaction, because if employees have good performance, the agency will provide rewards, one of which is in the form of a career path. Rewards are obtained based on achievement considerations for satisfactory work results, so that this can foster a sense of satisfaction with the work that has been done. In comparison with this, employee performance can also increase. This research is in line with research that has been researched by Umayah (2015) and Aini (2020). Meanwhile, according to Permadani (2020) and Albianto & Waras (2022) say the opposite.

Conclusion

Based on the results of the testing and analysis that has been carried out, non-PNS employees at the Kediri Regency Transportation Service know and understand the importance of giving rewards as appreciation for good work while carrying out their work. Although the results show that rewards do not have a direct effect on employee performance, these two

things actually have a good impact on the feeling of satisfaction with the work done. Job satisfaction acts as a mediator for rewards for the performance of non-PNS employees at the Kediri Regency Transportation Service.

The awarding of existing rewards can be further improved, particularly in terms of giving awards in the form of career development which is manifested by the existence of facilities to be able to continue the level of education, increase in position, trust and responsibility for work so that employees can be more enthusiastic about working. A fairly good factor in improving performance is to ensure job satisfaction owned by employees. Satisfaction with the work performed by each employee must be given more attention. Through job satisfaction possessed by employees, agencies can achieve predetermined goals more easily. The limitations in this research are the lack of samples used and the difficulty of obtaining permission to obtain research supporting data. Suggestions for further research, researchers can use other factors in researching human resources. Factors that are recommended to be used as topics in a study include career development. It is hoped that this research can become a reference and add reference for even better research.

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