

Research Paper

The Effect of Incentives and Organizational Justice on Employee Performance in Manufacturing Context

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The purpose of this study was to determine the effect of incentives and organizational justice on the performance of employees in a manufacturing context. The population in this study was 218 production employees. Meanwhile, the sample in this study were 84 employees from the production section selected by proportionated random sampling technique. Data were analyzed using multiple regression analysis. The results showed that incentives had a significant positive effect on employee performance and organizational justice had a significant positive effect on employee performance. However, incentives seem to have a higher effect on performance in a manufacturing context. As a consequence, incentives should be considered more by the management in manufacturing compared to organizational justice.

Keywords: incentives, organizational justice, employee performance, manufacturing sector

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1. Introduction

Prawirosentono in Sutrisno (2011) suggests performance is the result of work that can be achieved by a person or group of people in an organization or company, which is following their respective roles and responsibilities. This is done in the context of efforts to achieve company goals legally, not violating the law and under ethics. Many factors affect employee performance. According to Rivai (2004) in carrying out its function's performance cannot stand alone but performance also relates to the level of the number of rewards received and influenced by skills, as well as abilities and individual.

In addition to providing incentives that are believed to be able to encourage employees to work optimally, other factors have been proven to have a positive impact on employee performance in several studies. Armstrong & Baron in Putra, Marnis, and Nuryanti (2015) suggested that organizational justice is one of the elements of a

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company system that can affect employee performance. The existence of organizational justice is an important issue for the success of a company because it has a direct relationship with the performance of employees. Organizational justice is defined as justice applied in the workplace. Organizational justice is also related to how employees determine whether they are treated fairly at work. Organizational justice has been seen as an important variable that plays a major role in improving employee performance in a company.

Organizational justice consists of three types, namely distributive justice, procedural justice, and interactional justice. Distributive justice is defined as the equity of output in terms of the perspective of contribution needs and justice. Distributive justice focuses on increasing wages, performance evaluation, promotion, and punishment (Alvi and Abbasi, 2012). Iqbal et al. in (Afifi, 2017) argue that procedural justice is related to employee theoretical justice from aspects of the procedure. Procedural justice reflects the level of fairness in the procedures adopted to determine how employees are treated and how each gift is given. While interactional justice is explained as a type of interpersonal behavior among employees. Interactional justice is an interactional treatment taken by decision makers between personnel in the company (Alvi and Abbasi, 2012). Based on the description above, it can be concluded that incentives and organizational justice are two important factors that can have a positive impact on influencing employee performance.

PT Gatra Mapan is a manufacturing company engaged in the furniture sector, which generally covers the design, production process, and marketing. The implementation of the incentive program by PT Gatra Mapan has not run according to what is expected by the company, this is evidenced by the decreasing or fluctuating timing of uncertain incentives. This happened because there were no employees who managed to produce performance under the criteria as recipients of incentives. In addition, organizational justice at PT Gatra Mapan has not run optimally.

2. Research Method

Based on the level of exploration, this study is a type of associative explanation level research, in which this study aims to determine the relationship between two or more variables. This research enters into a type of causal nature. This cause-and-effect study explains the relationship that is influential between two or more variables. The purpose of this study was to determine the effect of incentives and organizational justice on the

performance of employees in the production employees of PT Gatra Mapan. Based on the description above, the research hypothesis can be made, namely:

Hypothesis 1: There is a significant positive effect of Incentives on Employee Performance at PT Gatra Mapan's Production Section Employees.

Hypothesis 2: There is a significant positive effect of Organizational Justice on Employee Performance at PT Gatra Mapan's Production Section Employees.

The variables in this study consisted of 2 (two) independent variables namely organizational incentives and justice and 1 (one) dependent variable, namely employee performance. The research design used in this study can be described as Figure 1 below:

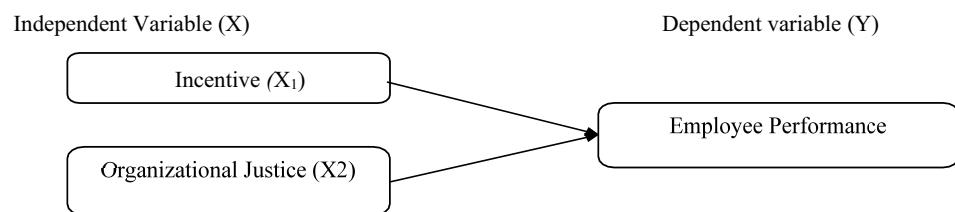


Figure 1: Research Model.

The population in this study were employees of the production section of PT Gatra Mapan. Sampling is done by proportional random sampling technique, where samples are taken based on the parts in PT Gatra Mapan. The data used are primary data obtained by spreading 84 employees of the production section of PT Gatra Mapan. The statement will be answered by respondents consist of strongly agree (4) to strongly disagree (1). Data analysis used is descriptive analysis, classic assumption test, multiple regression analysis, and hypothesis testing. The multiple regression equation can be written as follows. Hypothesis testing used in this study is the statistical test t with a significance level of 0.05.

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

Y = Employee Performance

a = Constant

X₁ = Incentives

X₂ = Organizational Justice

b₁, b₂ = Regression Coefficient

e = Standard error

Hypothesis testing used in this study is the statistical test t with a significance level of 0.05.

3. Result and Discussion

This is evidenced by the results of the initial survey conducted by researchers on 23 respondents, that is, more than 50% of respondents answered that the organizational justice applied at PT Gatra Mapan is not running optimally. Based on Table 1, the average value of the variable work value is 3.18 and can be categorized into the category of High or Good. This shows that the overall work value of employees at PT Gatra Mapan is high. Furthermore, the average value of the incentive variable is 3.19 and can be categorized into the category of High or Good. This shows that the satisfaction of incentives felt by production employees at PT Gatra Mapan is overall high.

TABLE 1: Results of Descriptive Analysis.

Variable	N	Mean
Incentives	84	3,19
Organizational Justice	84	3,14
Employee Performance	84	3,18

Source: Data processed (SPSS 25.0)

Meanwhile, the average organizational justice variable is 3.14 and can be categorized into high categories. This shows that organizational justice perceived by production department employees at PT Gatra Mapan is overall high. In addition, the average value of employee performance variables is 3.18 and can be categorized into high categories. This shows that the performance of the production department employees at PT Gatra Mapan is overall high. The classical assumption test of the data also showed that normality, heteroscedasticity, and multicollinearity of the data are met. It means that the data is normal, and there is no heteroscedasticity dan multicollinearity between variable. Then, the hypothesis testing by using multiple regression analysis could be continued.

TABLE 2: Multiple Regression Test Results.

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	10,311	3,476		2,966
	Incentive	,461	,182	,286	2,536
	Organizational Justice	,246	,106	,262	2,326

Based on Table 2 it can be seen that the incentive variable produces a significance value of 0.01. These results indicate that the significance value is <0.05. This means that there is a significant effect of incentive variables on employee performance. The

incentive coefficient of 0.461 shows that an increase in work value of 1% can improve employee performance by 0, 461.

TABLE 3: Hypothesis Testing Results.

Independent Variable	Dependent Variables	t value	t-table	Sig.	Hypothesis
Incentives (X1)	Employee Performance	2.536	1.990	0.01	H ₁ accepted
Organizational Justice (X2)		2.326	1.990	0.02	H ₂ accepted

Source: Data processed (SPSS 25.0)

The regression equation from the results of the calculation of the multiple linear regression analysis above is:

$$Y = 10.311 + 0.461 X1 + 0.246 X2 + e$$

Based on table 3 shows that the organizational justice variable is 0.02. These results indicate that the significance value is <0.05. This means that there is a significant positive effect of organizational justice variables on employee performance. The organizational justice coefficient of 0.246 indicates that increasing organizational justice by 1% can improve employee performance by 0, 246 significantly. Based on Table 3, the results of the Hypothesis test in this study are as follows.

H1: There is a significant positive effect on incentives for employee performance. Incentives have a positive and significant effect on the performance of PT Gatra Mapan employees in production. Based on Table 3, it can be seen that the t value of the incentive variable is 2.536 > t table 1.990 and the sig value is 0.01 <0.05. Based on the results of these calculations, H1 is accepted.

H2: There is a significant positive effect of Organizational Justice on Employee Performance. Organizational justice has a positive and significant effect on the performance of PT Gatra Mapan employees in the production section. Based on Table 3, it can be seen that the t value of the incentive variable is 2.326 > t table 1.990 and the sig value is 0.02 <0.05. based on the results of these calculations, H2 is accepted.

3.1. The Influence of Incentives on Employee Performance at Production Staff of PT Gatra Mapan

Based on the results of the analysis in this study indicate that incentives have a positive and significant effect on the performance of production employees of PT Gatra Mapan. This shows that the better the implementation of incentive programs given to employees, the higher the results of employee performance. These results

are in line with the results of research conducted by (Nurani, 2015) which states that incentives have a positive and significant effect partially on employee performance. Rauter's (2004) research results OCB has a positive relationship with work value. Other research conducted by (Takahashi, 2006) also states that incentives are important stimuli to encourage employee performance. In addition, other studies conducted by (Maziah, 2016) also support the results of the research, which found that there is a positive and significant relationship between incentives and employee performance in the workplace.

3.2. The Influence of Organizational Justice on Employee Performance at PT Gatra Mapan Production Section Employees

Based on the results of the analysis in this study indicate that organizational justice has a positive and significant effect on employee performance. This shows that the better the justice given to employees, the higher the results of employee performance. The results of this study support the opinion of Armstrong & Baron in Putra, Marnis, and Nuryanti (2015) who argued that organizational justice is one of the elements of a company system that can affect employee performance. The results of this study are also in line with the research conducted by (Shan, 2016) and (Swalhi, Zgoulli, and Hofaidhllaoui (2017) which states that distributive justice, procedural justice, and interactional justice as a whole have a significant effect on employee performance. Research conducted by (Cropanzano, Bowen, and Gilliland, 2007) states that injustice in the workplace is proven to reduce performance and hurt employee morale, whereas organizational justice will provide good opportunities for employees to strengthen their commitment to the company and increase the spirit of competitiveness in work.

4. Conclusions

Based on the results of the study, it can be concluded that the conditions of satisfaction incentives felt by the employees of the PT Gatra Mapan production department are high or good. Direct incentives have a significant positive effect on employee performance. Organizational justice conditions directly have a significant positive effect on employee performance. Suggestions that can be given by the researcher are, for the next researcher, they are expected to be able to examine more deeply the instruments used in the research so that the results obtained are complete and more accurate. In addition, in studies that use organizational justice variables, it is advisable to test

organizational justice variables by separating by type (testing partially) and using only the types of organizational justice relevant to the research. So that the variables used can be more targeted and the results obtained are more relevant. The researcher also advised PT Gatra Mapan to be able to make an initial agreement with the employee about what the company will give to employees if the employee gets a bonus for a certain performance result; improve coordination with employees related to decisions concerning their work. For example, doing a briefing every morning before starting work. So with this, employees can express opinions, criticisms, and suggestions regarding decisions made by superiors; give rewards to employees who are willing and successful in carrying out challenging tasks. or by appointing employees who have the potential to be able to complete these challenging tasks, to minimize errors that might occur.

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