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THE EFFECT OF INCENTIVE PROVISION ON EMPLOYEE PERFORMANCE AT BANK DKI, CENTRAL JAKARTA MAYOR BRANCH

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Abstract

This study aims to determine the effect of incentive provision on employee performance at Bank DKI, Central Jakarta Mayor Branch. This research used a quantitative approach with a sample of 50 employees, drawn from a total population of 100 employees using Slovin's formula. Data collection was conducted by distributing questionnaires via Google Forms, and the data processing was assisted by SPSS 26 software. The data analysis techniques included validity and reliability tests, correlation coefficient analysis, coefficient of determination, simple linear regression, and partial hypothesis testing (*t*-test). The results of the hypothesis test showed that the *t*-count > *t*-table ($7.173 > 2.010$) with a significance value of $0.000 < 0.05$, meaning that the provision of incentives has a positive and significant effect on employee performance. The coefficient of determination analysis yielded a result of 0.517, indicating that the incentive variable contributes 51.7% to employee performance, while the remaining 48.3% is influenced by other variables outside this study. In conclusion, maintaining a fair and competitive incentive system is a crucial strategy for bank management to optimize employee productivity and service quality.

Keywords: Incentive Provision, Employee Performance

1. INTRODUCTION

In the globalization era that demands high professionalism, the banking sector faces increasingly complex competitive challenges. As service-oriented institutions, a bank's success is not only determined by technological sophistication or the amount of capital it possesses but also heavily depends on the quality of the human resources (HR) managing it. Employees are strategic assets acting as the spearhead in providing services, building customer trust, and running daily operations to achieve the targets set by the organization. Employee performance is the primary benchmark in assessing the effectiveness of a banking institution. Optimal performance reflects the level of productivity, work quality, and employee commitment to the company's vision and mission.

However, achieving high performance does not happen automatically. Management is required to create a conducive work environment and provide the right stimuli so that employees feel valued and motivated to give their best contributions beyond the established minimum standards. One factor believed to have a significant effect on motivation and performance is the provision of incentives. Incentives are understood as additional rewards outside the basic salary given by the company as an appreciation for specific

achievements or dedication. In practice, incentives serve as a psychological driver that can trigger a spirit of positive competition among employees. For organizations, a fair and transparent incentive system is not merely an expense but a long-term investment to retain top talents and reduce employee turnover.

Bank DKI, as a leading Regionally-Owned Enterprise (BUMD) in Jakarta, has a massive responsibility in supporting regional economic growth and serving the financial needs of the public and civil servants. According to the company's annual publications, optimizing human capital is a primary focus to maintain operational resilience and achieve progressive business targets (Bank DKI, 2022; Bank DKI, 2023). Bank DKI, Central Jakarta Mayor Branch occupies a highly strategic position as it is located in the center of local government, characterized by high transaction intensity and demands for very fast service. Employees at this branch face significant work pressure to ensure every public service runs seamlessly. Considering this dynamic workload, the effectiveness of incentive provision becomes crucial to be examined.

Based on various phenomena and the urgency in human resource management, the authors were interested and thus



chose the title "The Effect of Incentive Provision on Employee Performance at Bank DKI, Central Jakarta Mayor Branch". The objective of this study is to determine the significance of the effect of incentive provision on employee performance at Bank DKI, Central Jakarta Mayor Branch using a quantitative approach. By employing empirical statistical analysis, this study aims to provide measurable evidence regarding the relationship between these variables. It is hoped that the results of this research can provide a theoretical contribution to the development of human resource management science, as well as a practical contribution for Bank DKI's management in improving work efficiency through a better reward system.

2. LITERATURE REVIEW

2.1. Incentive Theory

According to Gary Dessler (2020) in his globally standardized book, *Human Resource Management*, an incentive is defined as a component of compensation that is directly linked to performance. This aligns with the perspective of national scholars. Hasibuan (2019) states that incentives are additional remuneration provided to certain employees whose achievements exceed standard targets. Furthermore, Mangkunegara (2017) emphasizes that incentives serve as a psychological and financial stimulation designed to boost employee motivation, leading to greater productivity.

2.2. Employee Performance Theory

John P. Campbell (1990) defines performance as behavior relevant to organizational goals that can be measured in terms of individual contribution levels. In the context of public administration and corporate governance, Sedarmayanti (2018) describes performance as the translation of an organization's vision into measurable operational achievements. To achieve optimal performance, human resource management must ensure that employees are well-compensated and managed (Sihombing, 2015). This study adopts eight performance dimensions developed by Bernardin and Russell (2013) to measure the extent to which Bank DKI employees provide maximum contribution... (*lanjutkan dengan 8 indikator seperti draf sebelumnya*).

2.3. Previous Studies and Hypothesis Development

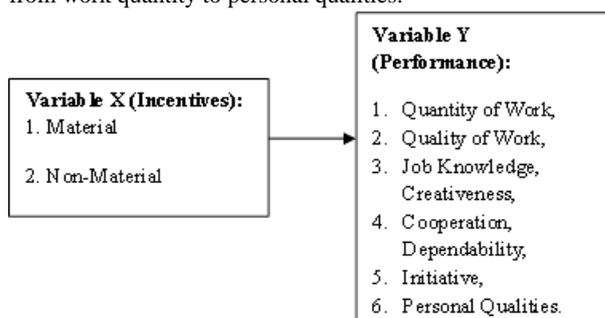
Theoretically, the relationship between incentives and performance is explained through Victor Vroom's Expectancy Theory. Employees will demonstrate high performance if they believe that their efforts will yield results, and those results will be rewarded with incentives that they value.

Empirically, several previous studies support this premise. For instance, Ayu and Sinulan (2018) found that incentives significantly boost employee performance by fulfilling their financial expectations and motivation. Similarly, research conducted by Manik and Syafrina (2018) and Rangkuti (2019) demonstrated that a well-implemented incentive system serves as a crucial driver in enhancing work quality, discipline, and overall employee productivity in corporate settings. Based on the theoretical foundation and empirical evidence from previous research, the following hypothesis is proposed for this study:

- **H1:** *There is a positive and significant effect of incentive provision on employee performance at Bank DKI, Central Jakarta Mayor Branch.*

2.4. Conceptual Framework

The provision of incentives at Bank DKI Central Jakarta Mayor Branch is positioned as the independent variable (X). When management implements a competitive material incentive system and non-material incentives that respect employee dignity, employees will psychologically feel driven to optimize all dimensions of their performance (Y), ranging from work quantity to personal qualities.



Conceptual Framework Figure

3. MATERIALS AND METHODS

3.1. Research Variables and Instruments

The independent variable used in this study is the Incentive Variable, and the dependent variable is the Employee Performance Variable. For the independent variable, the researchers used two main indicators for employee incentives, which were measured through 9 statement items. Meanwhile, for the dependent variable, eight main indicators were used to measure employee performance, which were formulated into 17 statement items.

3.2. Population and Sample

The population in this study consisted of employees at Bank DKI, Central Jakarta Mayor Branch, totaling 100 employees in 2023. To simplify the data collection process, a sample was drawn from the population using a specific probability sampling technique, which utilized Slovin's formula (Sugiyono, 2016). Based on the statistical calculation, the number of sample respondents used for this research was 50 people.

3.3. Data Analysis Techniques

This study applied a quantitative approach, and the data processing was assisted by the SPSS 26 software. Quantitative methods are crucial for testing objective theories by examining the relationship among variables (Sugiyono, 2018). The data analysis stages included:

1. **Instrument Validity and Reliability Tests:** The validity test aims to ensure the questionnaire accurately measures the variables, utilizing the Pearson correlation where an item is valid if the $r\text{-count} > r\text{-table}$ (0.273). The reliability test ensures the consistency of the instrument over time, measured using Cronbach's Alpha, which is

considered reliable if the value is > 0.60 (Sugiyono, 2016).

2. **Simple Correlation Analysis:** This analysis is used to determine the strength and direction of the relationship between the incentive provision and employee performance variables.
3. **Coefficient of Determination (R²):** Employed to identify the percentage of the variance in the dependent variable (employee performance) that can be explained or contributed by the independent variable (incentives).
4. **Simple Linear Regression Analysis:** Used to predict the value of the dependent variable based on the independent variable. The relationship is interpreted using the standard linear regression equation model, $Y = a + bX$.
5. **Partial Hypothesis Test (t-test):** Conducted to determine the significant effect of the independent variable on the dependent variable partially. The hypothesis is accepted if the significance value is < 0.05 or if the t-count > t-table.

4. RESULTS AND DISCUSSION

4.1. Validity Test Results

Validity Test Results for Incentive Variable Items

From the calculation results to determine the r-table value (obtained from the statistical table). At a significance level (α) of 5% and 50 degrees of freedom, the statistical table yields an r-table value of 0.273. The validity test results can be seen in the following table:

Table 1. Validity Test for Incentive Variable

Statement Item	r-count	r-table	Decision
Item 1	0.780	0.273	Valid
Item 2	0.774	0.273	Valid
Item 3	0.620	0.273	Valid
Item 4	0.752	0.273	Valid
Item 5	0.710	0.273	Valid
Item 6	0.878	0.273	Valid
Item 7	0.797	0.273	Valid
Item 8	0.849	0.273	Valid
Item 9	0.863	0.273	Valid

Source: Results of questionnaire data processing using SPSS 26.

Validity Test Results for Employee Performance Items

Based on the calculation results using the SPSS program, the r-count obtained from all statement items for the performance variable is presented in the following table:

Table 2. Validity Test for Performance Variable

Statement Item	r-count	r-table	Decision
Item 1	0.731	0.273	Valid
Item 2	0.766	0.273	Valid
Item 3	0.798	0.273	Valid
Item 4	0.715	0.273	Valid
Item 5	0.846	0.273	Valid
Item 6	0.770	0.273	Valid
Item 7	0.819	0.273	Valid
Item 8	0.762	0.273	Valid
Item 9	0.730	0.273	Valid
Item 10	0.681	0.273	Valid
Item 11	0.747	0.273	Valid
Item 12	0.606	0.273	Valid
Item 13	0.800	0.273	Valid
Item 14	0.721	0.273	Valid
Item 15	0.775	0.273	Valid
Item 16	0.699	0.273	Valid
Item 17	0.773	0.273	Valid

Source: Results of questionnaire data processing using SPSS 26.

4.2. Reliability Test Results

For more details, the results of the reliability testing for the research variables are as follows:

Incentive Variable (X)

Based on the data calculation results using the SPSS program, the Cronbach's Alpha obtained from all statement items for the incentive variable is shown in the table below:

Table 3. Reliability Test for Incentive (X)

Cronbach's Alpha	N of Items
.920	9

Source: Results of questionnaire data processing using SPSS 26.0.

The table above shows that the Cronbach's alpha value based on 9 statement items is 0.920, which lies between 0.80 and 1, meaning that the data used by the researcher in this study is highly reliable. This indicates that the answers provided by respondents to these statements are consistent.

Performance Variable (Y)

Based on the data calculation results using the SPSS program, the Cronbach's Alpha obtained from all statement items for the performance variable is shown in the table below:

Table 4. Reliability Test for Performance (Y)

Cronbach's Alpha	N of Items
.950	17

Source: Results of questionnaire data processing using SPSS 26.0.

The table above shows that the Cronbach's alpha value based on 17 statement items is 0.950, which lies between 0.80 and 1, meaning that the data used by the researcher in this study is highly reliable. This indicates that the answers provided by respondents to these statements are consistent.

4.3. Simple Correlation Coefficient Results

Table 5. Correlation Coefficient Between Incentives and Performance

		Incentives	Performance
Incentives	Pearson Correlation	1	.719**
	Sig. (2-tailed)		.000
	N	50	50
Performance	Pearson Correlation	.719**	1
	Sig. (2-tailed)	.000	
	N	50	50

** Correlation is significant at the 0.01 level (2-tailed).

Source: Results of questionnaire data processing using SPSS 26.0.

Table 6. Interpretation of Correlation Coefficient Value (r) between Incentives and Performance Variables

Correlation Coefficient	Relationship Level
0.80 - 1.000	Very Strong
0.60 - 0.799	Strong
0.40 - 0.599	Moderately Strong
0.20 - 0.399	Weak
0.00 - 0.199	Very Weak

From the SPSS calculation table above, the correlation value between the Incentive variable (X) and the Employee Performance variable (Y) is 0.719, which indicates that the relationship between Variable X (Incentives) and Variable Y (Performance) has a strong and positive correlation.

4.4. Coefficient of Determination

To determine whether there is a relationship between incentives and employee performance at Bank DKI, Central Jakarta Mayor Branch. Based on the research data obtained by the author and analyzed using the SPSS 26.0 application

program, the determination results between incentives and performance can be seen in the table below:

Table 7. Coefficient of Determination Between Incentives and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719a	.517	.507	4.973

a. Predictors: (Constant), Incentives

Source: Results of questionnaire data processing using SPSS 26.

Based on the calculation of the determination results in the table above, the R Square obtained is 0.517 or 51.7%. This means that the effect of the Incentive variable (X) on Performance (Y) is 51.7%, while the remaining 48.3% is influenced by other factors or variables not examined by the author.

4.5. Simple Linear Regression Coefficient

In this study, the simple linear regression coefficient is used to determine the significance of the effect of providing incentives on employee performance at Bank DKI, Central Jakarta Mayor Branch. Based on the research data obtained by the author and data analysis using SPSS 26, the linear regression results between incentives and performance can be seen in the table below:

Table 8. Simple Linear Regression Coefficient

Model		Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients (Beta)	t	Sig.
1	(Constant)	47.219	3.854		12.252	.000
	INCENTIVES	.761	.106	.719	7.173	.000

a. Dependent Variable: Employee Performance

Source: Results of questionnaire data processing using SPSS 26

From the table above, it is known that the regression between Incentives and Employee Performance at Bank DKI, Central Jakarta Mayor Branch can be interpreted with the linear regression model, $Y = 47.219 + 0.761X$.

From this regression equation, it can be seen that the constant of 47.219 states that if the incentive value is 0.761, then the employee performance at Bank DKI, Central Jakarta Mayor Branch is valued at 47.219. The incentive regression coefficient of 0.761 means that if the incentive increases by 1 unit, the employee performance at Bank DKI, Central Jakarta Mayor Branch will increase by 0.761.

A positive coefficient indicates a unidirectional relationship between incentives and employee performance; the higher the incentives, the higher the employee performance at Bank DKI, Central Jakarta Mayor Branch. Conversely, if there is a decrease in incentives, there will be a decrease in employee performance at Bank DKI, Central Jakarta Mayor Branch.

4.6. Partial Hypothesis Test (t-Test)

In this study, the t-test is used to determine the significance of the effect of incentives on employee performance at Bank DKI, Central Jakarta Mayor Branch.

Table 9. Partial Hypothesis Test (t-Test)

Model		Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients (Beta)	t	Significance
1	(Constant)	7.219	3.854		12.252	.000
	INCENTIVES	.761	.106	.719	7.173	.000

a. Dependent Variable: Employee Performance

Source: Results of questionnaire data processing using SPSS 26.

Based on calculations using the SPSS 26 program, it can be described as follows: The effect of Incentives on employee performance at Bank DKI, Central Jakarta Mayor Branch can be seen from the partial test (t-test), where the Incentive Variable (X) has a positive and significant effect on the Employee Performance Variable (Y) because the t-count > t-table with a t-count value of 7.173 units while the t-table is 2.010.

From the calculation table using SPSS above, the hypothesis test (t-test) result obtained is $7.173 > 2.010$ with a significance of $0.00 < 0.05$, which indicates that H_0 is rejected and H_1 is accepted, meaning there is a partially significant relationship between variable X and variable Y.

The result of this hypothesis testing confirms Victor Vroom's Expectancy Theory, where appropriate rewards significantly boost employee output. Furthermore, this empirical finding is highly consistent with previous studies conducted in various corporate settings in Indonesia. The positive relationship between incentives and performance mirrors the findings of Ainnisya and Susilowati (2018), who highlighted that performance evaluation and rewards drive employee motivation. Similarly, the necessity of objective performance assessment to justify these incentives aligns with the frameworks proposed by Bintoro and Daryanto (2017).

5. CONCLUSION

Based on the results of the data analysis and discussion, it can be concluded that the provision of incentives has a positive and significant effect on employee performance at Bank DKI, Central Jakarta Mayor Branch. The empirical evidence demonstrates that an increase in the provision of incentives

directly aligns with an improvement in employee performance. The incentive variable contributes 51.7% to the variance in employee performance, indicating that it is a crucial and dominant factor in the human resource management of the branch.

Managerial Implications The findings suggest that the management of Bank DKI, Central Jakarta Mayor Branch should maintain and potentially enhance their current incentive programs, encompassing both material and non-material rewards. Ensuring a fair, transparent, and competitive incentive system will psychologically drive employees to maintain high productivity, excellent service quality, and reliability in a highly demanding work environment.

Limitations and Future Research While this study provides valuable insights, it is limited to a single branch with a specific sample size. Furthermore, since 48.3% of employee performance is influenced by factors outside the scope of this study, it is highly recommended that future researchers explore other variables such as work environment, leadership style, or organizational culture. Expanding the research sample across multiple branches of Bank DKI could also provide a more comprehensive understanding of employee performance dynamics.

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