

## ANALYSIS OF PROVIDING INCENTIVES IN INCREASING EMPLOYEE LOYALTY AT PT. SUNAN RUBBER

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**Abstract:** Employees of PT Sunan Rubber receive monthly and yearly rewards based on their performance and working hours. If the production department meets its goals, it will receive additional rewards. On the other hand, personnel who are on probation, perform poorly, visit infrequently, or are taken over by management are not given any incentives. The purpose of this study is to ascertain how offering incentives can boost worker loyalty. The investigation was carried out at PT Sunan Rubber, with the aim of examining the workers in the production division of the company. In this study, primary and secondary data sources were used. Literature reviews, surveys, and interviews are the methods utilized to collect data. Purposive sampling, which looks at the criteria for respondents based on gender, age, most recent education, and duration of service, is the sample technique employed in this study. There were 54 responders in the sample that this study utilized. This study employs a qualitative approach along with descriptive analysis. Given that both variables scored in the "very good" range, it is anticipated that offering incentives will stimulate staff members and foster a greater sense of commitment to the organization. This is evident from the 82.4% incentive provision rate and the 85.6% employee loyalty percentage of the outcomes.

**Keywords:** Employee Loyalty, Incentives

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### INTRODUCTION

The company is one form of organization that carries out management functions including planning, organizing, directing and supervising. Human resource management is the science and art that regulates the relationship and role of the workforce to be effective and efficient to help realize company goals (Wilianto 2019). Human resources are the most important asset in the company, with good human resource management, the company will continue to achieve good development (Wilianto 2019). Human resources have an important role, namely helping companies achieve their goals and determine the success of a company. In good human resource management, there are employees who are loyal to the company. Employees who are loyal to the company are a reflection of good human resources that have an impact on the company's success. Employees with a high level of loyalty are essential for the progress of the company (Wilianto 2019). According to (Hasibuan, 2011:95) that employee loyalty is loyalty reflected by the willingness of employees to maintain and defend the organization inside and outside the work from irresponsible people.

While according to (Widi 2018) Work loyalty is the determination and ability to obey, carry out and practice something that is obeyed with full awareness and responsibility, determination and ability that must be proven in daily attitudes and behaviors and in the act of carrying out duties. This opinion is understood that employee loyalty arises from within employees to remain loyal to the company, where they work because of responsibility and ability. As for according to (Sriyono and Lestari 2013) Loyalty can be measured as follows: obedience or obedience to work, responsibility for work, devotion and honesty. According to (Zakiyudin 2013) stated that there are five factors in determining employee loyalty, namely incentive factors, motivation factors, responsibility factors, discipline factors, and participation factors. From one of the factors above, one of the factors that can determine employee loyalty is the incentive factor. According to (Sudiro & Putri, 2022:89) states that

incentives are direct rewards paid to employees for their performance exceeding specified standards. While according to (Sudiro & Putri, 2022:89) Work incentive is an award in the form of money given by the leader of the organization to employees so that they work with high motivation and prestige in achieving organizational goals. In other words, work incentives are the provision of money outside of salary made by the leader of the organization in recognition of work performance and employee contributions to the organization.

As for according to (Sudiro & Putri, 2022:94) The provision of incentives can be measured as follows: employee performance, length of service, seniority needs, fairness and feasibility and job evaluation. One of the objectives of providing incentives for companies is to maintain a skilled and capable workforce or employees so that their loyalty is high to the company. One of the ways companies increase loyalty is by providing incentives to employees. PT. Sunan Rubber is a company engaged in processing boka (rubber processing material) into SIR 20 (Standard International Rubber 20) in South Sumatra.

In order to increase the amount of production, PT. Sunan Rubber strives for optimization in each section as efficiently as possible in order to achieve the expected target. Based on the results of interviews with the company, there is a phenomenon that occurs in PT. Sunan Rubber Among others, the incentive system provided for employees in the form of monthly incentives and annual incentives where for monthly incentives related to working hours that all employees get, annual incentives related to annual performance that all employees also get and for the production part if production results exceed the target they will get additional incentives that are paid immediately after completion of work. But incentives are not given to employees who are on probationary work (training), nor are they given to employees if their performance is not good and rarely enter and for current staff employees do not get incentives because currently the management has taken experts from sinochem to halcyon. If with the provision of good incentives, employee loyalty is expected to increase and can also provide great benefits for the company. Based on the description in the previous background, the problem discussed in this study is how to analyze the provision of incentives in increasing employee loyalty at PT. Sunan Rubber.

## METHOD

### **Locus Research**

The locus of this research is PT. Sunan Rubber is located at Jl. Abi Kusno Cokro Suyoso, Kemang Agung, Kec. Kertapati, Palembang City, South Sumatra 30147.

### **Object of Research**

The object of this study is employees of PT. Sunan Rubber production parts.

### **Population and sample**

According to (Sugeng, 2016:61) Population is a number of members consisting of objects or subjects that have certain qualities and characters that are determined by researchers to be studied and then drawn conclusions. The population in this study was all employee contacts on PT. Sunan Rubber of which there are 327 employees.

According to (Sugeng, 2010:62) The sample is part of the number and characteristics possessed by the population. The sampling technique used in this study used purposive sampling techniques. *Purposive sampling* is a sample determination technique with certain considerations in (Sugeng, 2010:85).

In this study the samples obtained by *purposive sampling* method amounted to 54 employees with the following sample criteria:

1. Employees placed in the production department
2. Employees with male gender

3. Employees with the age of < 50 years
4. Employees with the last education of middle and high school
5. Employees with > 5 years of service

**Table 1**  
**Sample Criteria**

No	Information	Total
1.	Employees who are placed in the production department	127
2.	Employees with female gender	(9)
3.	Employees with age > 50 years	(17)
4.	Employees with primary school education	(30)
5.	Employees with <5 years of service	(17)
	Total samples	54

Source : PT. Sunan Rubber (data processed) 2023

### Research methods

The method used in this study is qualitative method, according to (Utari, 2017) Qualitative analysis is an analysis that is expressed in the form of a description and is based on existing data. This analysis is useful for explaining various kinds of problems or important things that are stated in sentence form to clarify a truth.

### Data Analysis Methods

The data analysis method used in the study was descriptive. The data analysis steps used in this study are as follows:

1. Conduct an interview

Interviews are conducted to employees or superiors who interview material about the incentive system in increasing loyalty.

2. Deploy a questionnaire

Questionnaires are distributed to employees who are the object of research using the liket scale.

Likert scales are used 1 to 5, with the following mapping:

Scale 5 = Strongly Agree (SS)

Scale 4 = Set (S)

Skala 3 = Netral (N)

Scale 2 = Disagree (TS)

Scale 1 = Strongly Disagree (STS)

3. Calculating a questionnaire using descriptive statistics

Opinion (Suggestion, 2012:173) There is a calculation formula in descriptive statistics that is simple for calculating the percentage of an answer. That is by using the following formula:

$$p = f/n \times 100\%$$

Information: P = Presentase

F = The frequency of each answer that has been chosen by the respondent

N = Number of respondents

4. Index or Conclusion

The results of the interviews and questionnaires conducted by researchers will be analyzed and conclusions drawn.

## DISCUSSION

The provision of incentives is a form of attention from the company that can provide positive encouragement for employees in an effort to increase employee loyalty which automatically has a good impact on employee performance and company progress. From the results of interviews with the company at PT. Sunan Rubber provides incentives provided for employees in the form of Financial Incentives and Non-Financial Incentives.

### 1. Financial Incentives

Financial incentives provided by PT. Sunan Rubber to employees is in the form of a bonus. Bonus is money in a certain nominal value given by the company to its employees for their dedication or services to the company in the hope that with the provision of bonuses, it is expected that employee loyalty will increase. The bonus given by PT. Sunan Rubber includes:

#### a. Monthly Bonus/Incentive

Monthly Bonus/Incentive is given if employees who have carried out their work duties well every month for at least 23 working days excluding Sundays/official holidays get a bonus for work performance of Rp.30,000 per month.

#### b. Annual Bonus/Incentive

Annual bonuses/incentives are given to permanent employees with the following conditions:

1. For permanent employees who have worked for 1 year to get money for work achievements of Rp. 100,000 (one hundred thousand rupiah) every month for at least 10 months will be given an annual bonus of Rp. 700,000 (seven hundred thousand rupiah).
2. For permanent employees who have worked for 1 year to get money for work achievements of Rp. 100,000 (one hundred thousand rupiah) every month 5 to 7 months will be given an annual bonus of Rp. 350,000 (three hundred fifty thousand rupiah).
3. For permanent employees who have worked for 1 year to get money for work achievements of Rp. 100,000 (one hundred thousand rupiah) every month 8 to 9 months will be given an annual bonus of Rp. 525,000 (five hundred and two fifty thousand rupiah).

#### c. Daily Bonus/Incentive

Daily bonuses / incentives are only given to production employees where if they exceed the production target, they will be given daily bonuses paid directly after finishing work.

### 2. Nonfinancial Incentives

- a. Social security in the form of health and employment insurance is also provided by PT. Sunan Rubber to all its employees.
- b. Awarding in the form of a charter or cindramata. The award is given by the company to employees who are considered to be achievers.
- c. Providing Job Training to employees to improve competence in order to increase motivation to be optimally productive.
- d. Guarantee a healthy workplace and adequate facilities.
- e. Guaranteed good communication between superiors and subordinates.

**Table 2**  
**Percentage of Respondents Regarding Incentives**

No	Statement	Frequency of Response					Total Score X Frequency
		5	4	3	2	1	
1.	The amount of incentive depends on the amount of results achieved in the working time.	115	112	9	0	0	236
2.	Incentives received by employees meet their needs	75	124	24	0	0	223
3.	Length of service affects the amount of incentives received by employees..	90	112	24	0	0	226

4.	The fairness of the incentives provided is clear according to the results of employee work for the company.	110	104	18	0	0	232
5.	The feasibility of incentives provided by the company is feasible for employees in accordance with the time and effort sacrificed by employees.	145	76	18	0	0	239
6.	Employee job evaluation affects the incentives provided by the company.	5	184	21	0	0	210
<b>Total</b>							1.336
<b>Score Ideal (6x5x54)</b>							1.620
<b>Percentage Score</b>							82,4%

Source : data from questionnaire processing, 2023

Based on table 2 above, it can be seen that questionnaire data regarding incentives consisting of 6 items of statements to 54 respondents, so the calculation results show that the provision of incentives at PT. Sunan Rubber is 82.4%. This percentage rate according to Likert rules can be categorized as excellent because it is on an interval scale of 80% - 100%.

According to (Widi 2018) Loyalty is the determination and ability to obey, carry out and practice something that is obeyed with full awareness and responsibility, determination and ability that must be proven in daily attitudes and behaviors and in the act of carrying out duties. This opinion is understood that employee loyalty arises from within employees to remain loyal to the company, where they work because of responsibility and ability. From the results of interviews with the company at PT. Sunan Rubber benchmarks the loyalty of its employees seen from work discipline, contribution to advancing the company in improving product results by maintaining product quality, being responsible for the work that has been given by superiors and achieving the company's vision and mission.

**Table 3**  
**Percentage Of Respondents Regarding Employee Loyalty**

No	Statement	Frequency of Response					Total Score X Frequency
		5	4	3	2	1	
1.	Employees are willing to obey and comply with all regulations in the company.	70	144	12	0	0	226
2.	Employees are responsible for the work they have been given.	95	100	30	0	0	225
3.	Employees strive to carry out all tasks and work with full responsibility.	145	84	12	0	0	241
4.	Employees are willing to work in the company for a long period of time.	110	108	15	0	0	233
<b>No</b>							<b>Statement</b>
<b>Response Frequency</b>							<b>Number of Scores</b>
<b>Persentase Skor</b>							<b>85,6%</b>

Source : data from questionnaire processing, 2023

Based on table 3 above, we can see the questionnaire data regarding Employee Loyalty consisting of 4 items of statements to 54 respondents, so the calculation results show that employee loyalty at PT. Sunan Rubber is 85.6%. This percentage rate according to Likert rules can be



categorized as excellent because it is on an interval scale of 80% - 100%.

Based on the results of a previous study entitled The Effect of Incentives on the Work Loyalty of Bank Bri Employees of the Pekanbaru Regional Office conducted by (Akbar 2017) where from the respondents' responses it can be seen that the implementation of incentives has been done well and is appropriate to be implemented at Bank BRI Pekanbaru Regional Office, from respondents' responses it can be seen that the implementation of loyalty has been done well and is appropriate to be implemented at Bank BRI Pekanbaru Regional Office. And based on the results of analysts, a calculated value of 10.898 and a ttable of 1.986 were obtained. As well as a Pvalue of  $0.000 < 0.05$ . Because  $t_{calculate} > t_{tabel}$  and Pvalue values are smaller than the alpha value of 0.05, the hypothesis states that there is a significant effect of work incentives on employee work loyalty so that it can be concluded that the hypothesis that states  $\frac{1}{2}$  The implementation of incentives has a significant effect on the work loyalty of Bank BRI Office employees.

Based on the results in the two tables above where table 4.7 shows that the provision of incentives in PT. Sunan Rubber is in the "Very Good" category with the respondents' score is 82.4% being at the interval of 80% - 100%. And based on table 4.8 shows that Employee Loyalty at PT. Sunan Rubber is in the "Very Good" category with respondents' scores of 85.6% being at intervals of 80% - 100%. Both variables are in the "Very Good" category, which means that the provision of incentives is expected to provide stimulation for employees so that they can increase their loyalty to the company. This is in accordance with opinion (Akbar 2017), incentives are defined as providing additional income for employees that serves as a stimulant so that employees are more passionate in increasing their loyalty and work performance in the company where the employee works. And this is also in accordance with the opinion (Zakiyudin 2013) stated one of the factors that can determine employee loyalty is the incentive factor. Incentive policies represent what employees receive in exchange for their contributions to the organization. So it can be concluded that the provision of incentives is in exchange for employee contributions to the organization to stimulate them to perform work according to or higher than the standards that have been set.

## CONCLUSION

Based on the results of the analysis, PT. Sunan Rubber provides incentives to employees in financial and non-financial forms. Financial incentives include monthly, yearly, and daily bonuses, while nonmaterial incentives include social security, rewards, job training, adequate work facilities, and good communication between superiors and subordinates. The survey results show a very good percentage rate for incentive provision (82.4%) and employee loyalty (85.6%), which indicates that incentive provision at PT. Sunan Rubber contributes significantly to the increase in employee loyalty to the company. Thus, a good incentive strategy can be the key to nurturing employee loyalty and strengthening the relationship between employees and the company.

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