
The Effect of Incentives on Employee Performance and Turnover Intention with Job Satisfaction as A Mediator Variable at Pt Angkasa Pura II Sultan Iskandar Muda Aceh Airport Branch Office

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Abstract

This research aims to test how incentives have a direct impact on employee performance and turnover intention, which then involves the level of job satisfaction as a mediator to test the indirect impact. The sample used is a population of PT Angkasa Pura II Sultan Iskandar Muda Aceh Airport Branch Office (AP II Aceh), namely all 212 company employees who were analyzed via SEM AMOS. This research proves that all variables in this research have worked well, and the turnover rate is at a low position. Then, incentives show their position in increasing employee satisfaction and performance. Apart from that, if the incentives get better, it will reduce the desire of employees to move from their current place of work. Satisfaction also plays a role in increasing employee performance and reducing turnover that can occur. Finally, satisfaction has a role in partially mediating the incentive effect on employee performance and turnover intention. The model tested as a result of this research is also useful for practitioners as a reference for solving existing problems, especially practitioners involved in the subject of this research. Limitations exist in the variables and forms of modeling that are proven.

Keywords: Incentives, Job Satisfaction, Employee Performance, Turnover Intention

1. Introduction

The main performance criteria for PT Angkasa Pura II Sultan Iskandar Muda Aceh Airport Branch Office (AP II Aceh) are divided into three categories: Shared KPI, Common KPI, and Specific KPI. Shared KPI accounts for 50% of the assessment and includes EBITDA, Cash from Operation, Service Levels such as Airside Readiness and Level of Service, Completion of Airport Development, Non-Aeronautical Revenue, and % of Millennials in Top Talent. Common KPI accounts for 30% of the assessment and include Core KPIs such as Optimizing PBB Payments, Supporting KPIs such as Cash Collection Improvement, Airport Lean Operation Scheme, and Electrical Energy and Water Control, and Related KPIs such as Utilizing Idle Space in the Airside area to become a Ground Handling Workshop. Specific KPI accounts for 20% of the assessment and involves the Addition of Food & Beverages Business Partners. Two requirements must be met with a 100% score from January to December 2021. The first is Impairment, which refers to the situation where the company is unable to receive all of its receivables from business and work partners during the operational activities in 2021. The government has already accepted PT Garuda Indonesia's request to postpone debt payments, which has contributed to this situation. The second requirement is Without

Impairment, which is the opposite of Impairment. Regardless of whether Impairment occurs or not, it is important to note that the company may not achieve its set targets, which could potentially reduce its ability to achieve Unit Performance Value throughout 2021.

The fundamental problem in improving performance is the limited number of employees who are reliable and have mastery of operations so efforts to improve the quality of human resources can be fulfilled if employees have managerial and operational skills. The performance of employees can be assessed based on their ability to fulfill the tasks, responsibilities, and authority given to them to achieve the organization's objectives. A recent survey conducted to gauge employee performance highlighted several issues, including poor cooperation, communication gaps between employees, and a lack of skills in working with and assisting colleagues.

Turnover intention refers to an individual's intention to quit their job and leave the organization (Masemola, 2011). The desire to switch is not an act of quitting, but it is one of the main indicators of quitting. Turnover intention represents an individual's opinion about not keeping a job. This research's initial survey regarding respondents' perceptions of turnover intention, shows that the problem is in the form of employees trying to find alternative jobs and being bored with the routine tasks they receive every day. The data reveals that it is already in a high position. Two indicators state this, namely the presence of employees who are trying to find other alternative jobs and are bored with the routine tasks they receive every day.

Subordinates who feel satisfied can present work results that have high competitiveness compared to the opposite (BARNES, 2003). (Chen & Chen, 2010) argue that individuals feel a point of satisfaction when the work they are entrusted with is in line with their desires. As a natural consequence, satisfaction can prevent employees from various potential turnovers that could occur. Vice versa, the opportunity to see a brighter future will be very possible. This research's initial survey data on Job satisfaction shows that there are problems that must be followed up immediately, such as regarding inadequate salaries and allowances and equal opportunities to get promotions.

Several previous studies have stated the relationship between incentives and job satisfaction, as proven by (Ali & Anwar, 2021); (Alkandi et al., 2023); and (Elrayah & Semlali, 2023). Then the influence of incentives on employee performance can be found in various studies conducted by (Adhiatma, Sari, & Fachrunnisa, 2022); (Liu & Liu, 2022); and (Albalushi & Devesh, 2023). Furthermore, (Haileyesus, 2019) and (Al-Qathmi & Zedan, 2021) show the relationship that is formed between incentives and turnover intention. This research's initial survey data regarding incentives shows that there are phenomena in each dimension. In the monetary incentive dimension, there are still employees who think that the salary is not appropriate, the benefits provided are not satisfactory, and the commission given by the company is not up to expectations. In the non-monetary incentive dimension, there is a phenomenon that the company has not provided equal promotions and the company has not provided any form of entertainment to employees in the form of recreation.

2. Literature

Definitions and Indicators Used

This research outlines the definitions and indicators used as a basis for measurement, namely based on the following references.

Table 1. References used for variables and indicators in this research

No	Variable Definition	Dimension	Indicator
1.	<p>Z₁: Employee Performance</p> <p>Performance is a work result achieved by a person in carrying out tasks assigned to employees based on skill, experience, seriousness, and time.</p> <p>State Apparatus and Bureaucratic Reform Minister Regulation (Permenpan-RB) No. 37 (2017)</p>	-	<ol style="list-style-type: none"> 1. Integrity 2. Collaboration 3. Communication 4. Results Orientation 5. Public service 6. Self-development of others 7. Change management 8. Decision making <p>State Apparatus and Bureaucratic Reform Minister Regulation (Permenpan-RB) No. 37 (2017)</p>
2.	<p>Z₂: Turnover Intention</p> <p>Turnover intention has a relationship between satisfaction and leaving work. This relationship begins when the employee thinks about quitting his job, intends to look for other job alternatives, and finally decides whether to continue working or stop working. (Masemola, 2011)</p>	-	<ol style="list-style-type: none"> 1. Thinking about leaving 2. Look for other alternative jobs 3. Open your own business 4. Saturated after work 5. Intention to leave (Masemola, 2011)
3.	<p>Y: Job Satisfaction</p> <p>The pleasant or unpleasant emotional state with which employees view their work reflects satisfaction</p> <p>(Luthans, Luthans, & Luthans, 2021)</p>	-	<ol style="list-style-type: none"> 1. Comfortable working conditions 2. Adequate work equipment 3. Balanced salary and benefits 4. Skilled in carrying out work 5. Equal opportunities to get promotions 6. Harmonious interactions with colleagues <p>(Luthans et al., 2021)</p>
4.	<p>X: Incentives</p> <p>Incentives include anything that employees recognize as a fair return in exchange for effort and time spent at work.</p>	Monetary Incentives	<ol style="list-style-type: none"> 1. Salary 2. Allowance 3. Bonuses 4. Stock Options 5. Commission 6. Profit Sharing <p>(Hulkko-Nyman et al., 2012)</p>

No	Variable Definition	Dimension	Indicator
	(Hulkko-Nyman, Sarti, Hakonen, & Sweins, 2012)	Non-Monetary Incentives	1. Position Promotion 2. Insurance Program 3. Pension Funds 4. Paid Leave 5. Corporate Recreation 6. Job Training Program (Hulkko-Nyman et al., 2012)

Model and Hypotheses

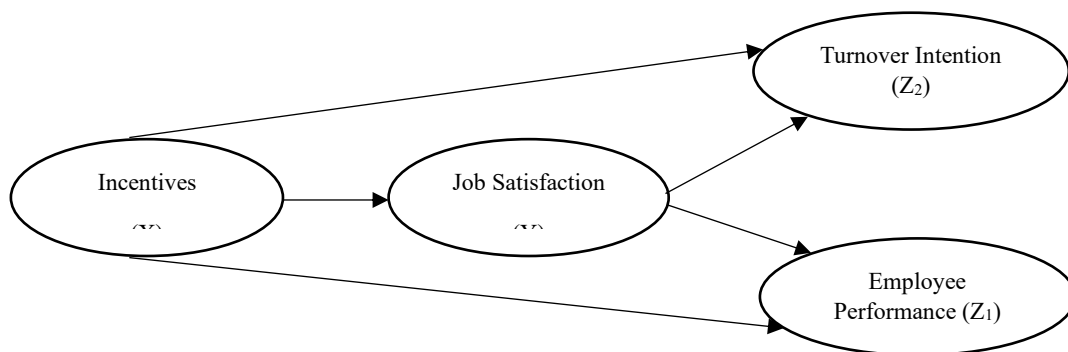


Figure 1. Research Model

Figure 1 shows the research model, which forms several hypotheses as follows.

A. Descriptive Hypothesis

H 1: Incentives, Job Satisfaction, Employee Performance, and Turnover Intention are working well.

B. Verification Hypothesis

H 2: Incentives influence Job Satisfaction

H 3: Incentives influence Employee Performance

H 4: Incentives influence turnover Intention

H 5: Job Satisfaction Influences Performance

H 6: Job Satisfaction influences Turnover Intention

H 7: Incentives influence Employee Performance through job satisfaction

H 8: Incentives influence Turnover Intention through job satisfaction

3. Method

This survey was conducted at PT Angkasa Pura II Sultan Iskandar Muda Aceh Airport Branch Office (AP II Aceh) with the variables that are researched, namely incentives (X), employee performance (Z1), turnover intention (Z2), and job satisfaction (Y). The population was 212 employees, sampling with a saturated sampling technique. So all population members were used as respondents.

4. Result

Descriptive Hypothesis

H1 Analysis: Incentives, Job Satisfaction, Employee Performance, and Turnover Intention, are they working well or not?

Table 2. One Sample Testing

	Test Value = 3.41					
	Q	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Incentive	18,954	211	0,000	0.58335	0.3990	0.5299
Job satisfaction	12,720	211	0,000	0.15316	0.2218	0.4141
Employee performance	23,008	211	0.005	0.44978	0.4390	0.6129
Turnover Intention	21,128	211	0.008	0.61020	0.4087	0.5990

Source: SPSS Output, 2024 (processed).

Based on the test results, reveal that incentives, job satisfaction, and employee performance have gone well and turnover intention is in a low position. So the results prove that H1 can be accepted.

Direct Effect Hypothesis

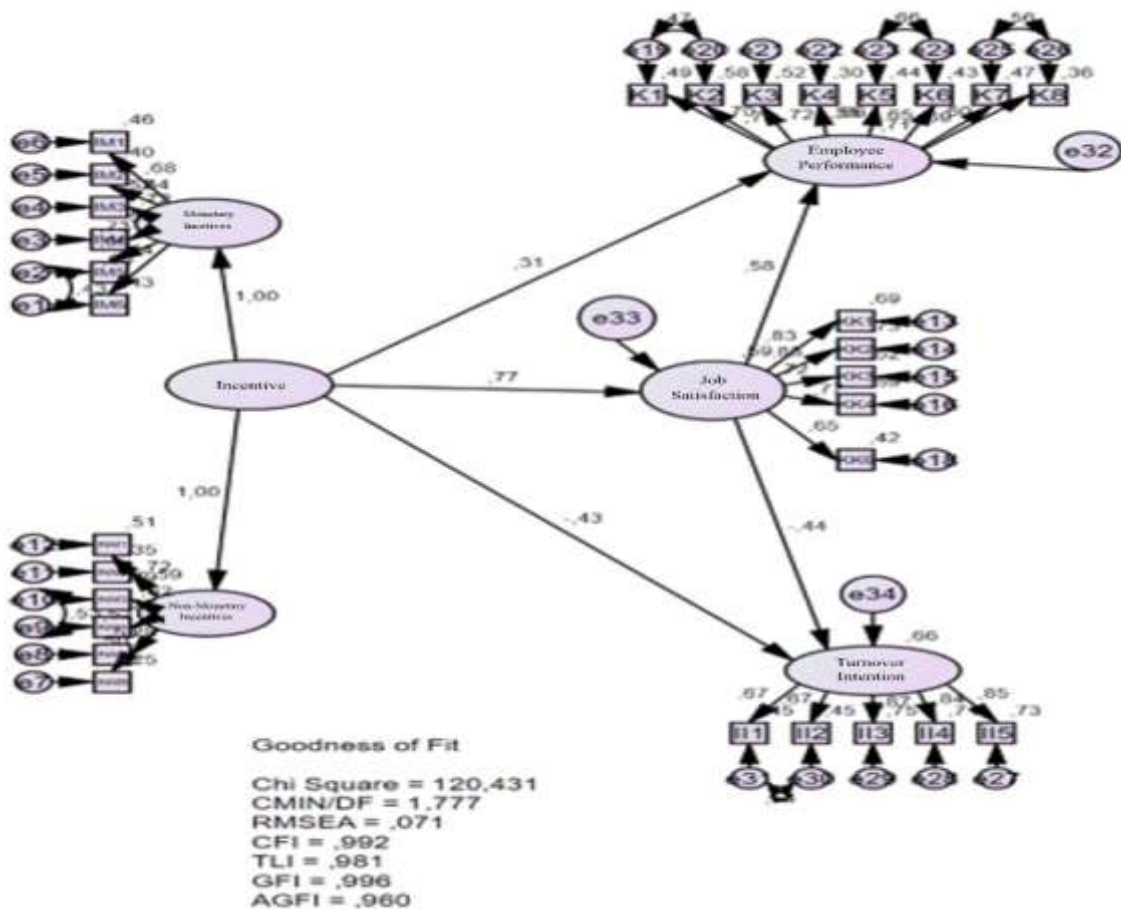


Figure 2. Structural Model

Figure 2 shows the Goodness of Fit (GoF) results for this research model. Next, the regression weights are obtained as follows.

Table 3. Regression

Influence Between Variables	Estimate		S.E	CR	P
	Std.	Unstd			
Incentives -> job satisfaction	0.769	0.932	0.100	9.309	***
Incentives -> employee performance	0.312	0.404	0.131	3.080	0.002
Incentives -> turnover intention	-0.427	-0.494	0.113	-4.369	***
Job Satisfaction -> employee performance	0.579	0.617	0.115	5.356	***
Job satisfaction -> turnover intention	-0.438	-0.418	0.091	-4.588	***

H2 Analysis: Incentives role in influencing job satisfaction

The test shows the result that incentives significantly affected job satisfaction, proven by CR $9.309 > 1.96$, and $p \ 0.000 < 0.05$. The incentive's effect magnitude on job satisfaction is 0, 769, revealing that better incentives increase job satisfaction. Several other studies have stated conclusions that strengthen the relationship between incentives and satisfaction (Ali & Anwar, 2021); (Elrayah & Semlali, 2023).

H3 Analysis: Incentives role in influencing employee performance

The test shows the result that incentives significantly affected employee performance, proven by CR $3.080 > 1.96$, and $p \ 0.002 < 0.05$. Then, Std 0.312 explains the higher the incentives, the more employee performance will improve. This is following several studies conducted by (Liu & Liu, 2022); (Adhiatma et al., 2022); and (Albalushi & Devesh, 2023).

H4 Analysis: Incentives role in influencing turnover intention

The relationship formed between incentives and turnover intention in this study is influential, proven by CR = (-) $4.369 > 1.69$, and $p \ 0.000 < 0.05$). Then, Std = - 0.427 means the higher the incentives the lower the turnover turnover intention. Several other studies have stated conclusions that strengthen the relationship between incentives and turnover (Haileyesus, 2019); (Al-Qathmi & Zedan, 2021).

H5 Analysis: Job satisfaction role in influencing employee performance

The estimated parameters for testing the job satisfaction influence on employee performance show CR 5.356, and $p \ 0.000$. The two values obtained meet the H5 acceptance, namely a CR > 1.69 and a probability < 0.05 . Furthermore, Std 0.579 explains that high job satisfaction improves employee performance. Several other studies have stated conclusions that strengthen the relationship between satisfaction and performance, such as those conducted by (Ikhlas, Adam, & Halimatussakdiah, 2022); (Rahmad, Harmen, & Sakir, 2022); and (Soeraiya, Sofyan, & Majid, 2022).

H6 Analysis : Job satisfaction role in influencing turnover intention

According to the statistical results, The role of job satisfaction is proven to significantly reduce employee turnover rates by Std -0.438, CR (-) $4.588 > 1.96$, and $p \ 0.000 < 0.05$. This explains the

higher the job satisfaction, the lower the turnover intention will be. Furthermore, several other studies have stated conclusions that strengthen the relationship between satisfaction and turnover intention (Rosario-Hernández & Millán, 2018); (Luz, Paula, & Oliveira, 2018).

Indirect Hypothesis

H7 Analysis: Job Satisfaction in Mediating the Incentives and Performance

Table 4. H7 Test

Input:		Test statistic:	Std. Error:	p-value:
a	0.932	Sobel test: 4.64979978	0.1236707	0.00000332
b	0.617	Aroian test: 4.62982597	0.12420424	0.00000366
s _a	0.100	Goodman test: 4.67003435	0.12313485	0.00000301
s _b	0.115	Reset all	Calculate	

The research results show that between incentives and job satisfaction, the path coefficient value was 0.932 (sig. 5%); while the path coefficient for job satisfaction on employee performance is 0.617 and significant at 5%. Furthermore, a path coefficient between incentives with employee performance, a value of 0.404 (p value 0.05) was obtained. Because the indirect influence of incentives on employee performance through job satisfaction has a Sobel value of 4.64 > 1.96 with p 5%, it proves that there is a significant indirect influence in the H7 Model, and it works partially.

H8 Analysis : Job satisfaction in mediating the incentives and turnover intention

Table 5. H8 Test

Input:		Test statistic:	Std. Error:	p-value:
a	0.932	Sobel test: -4.12017607	0.09455324	0.00003786
b	-0.418	Aroian test: -4.10122597	0.09499013	0.0000411
s _a	0.100	Goodman test: -4.1393913	0.09411432	0.00003482
s _b	0.091	Reset all	Calculate	

The research results show that between incentives and job satisfaction was obtained with a value of 0.932 (sig. 5%); while the path coefficient for job satisfaction turnover intention is -0.418 and is significant at 5%. Furthermore, a path coefficient between incentives with turnover intention, a value of -0.494 (p-value 5%) was obtained. Because the indirect influence of incentives on employee performance through job satisfaction has a Sobel value of -4.12 > 1.96 with p 5%, it proves that there is a significant indirect influence in the H7 Model, and it works partially.

5. Conclusion

Following the details of the testing and previous discussion, it concludes that in AP II Aceh, the proposed descriptive hypothesis states that it has worked well for all research variables. Furthermore, incentives and job satisfaction influence employee performance and turnover intentions, as well as the relationship between incentives and job satisfaction. The role of job satisfaction in this research was proven to partially mediate the influence of incentives on performance and turnover intention. Job satisfaction as a mediator works partially in the model.

These findings provide a new premise for theories related to the variables in this research model and become the basis for future researchers to develop the model scientifically. The model tested as a result of this research is also useful for practitioners as a reference for solving existing problems, especially practitioners involved in the subject of this research. Limitations exist in the variables and forms of modeling that are proven.

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