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The analysis of employee performance: The effect of social insurance, work environment, and incentives

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ABSTRACT

Purpose-Post offices are facilities that provide services for receiving, collecting, sorting, transmitting, and delivering letters and packages. The phenomenon shows that there is a discrepancy between theory and reality. This study aims to analyze the influence of social insurance, work environment, and incentives on employee performance.

Methodology-This study uses a quantitative approach by conducting a survey using a questionnaire. The respondents of this study are employees working at the Yogyakarta Central Post Office, Indonesia. The research data was obtained from 50 respondents using a saturated sampling technique. Data analysis was carried out through validity tests, reliability tests, and hypothesis testing using SPSS version 25 statistical tools.

Findings-The results of the study indicate that incentives have a positive effect on employee performance behavior. However, social insurance and the work environment in this study were found to have no positive effect on employee performance. This means that social insurance and the work environment cannot automatically be considered determining factors for employee performance, as there are other stronger factors influencing performance, such as incentives.

Research Limitations- The scope of this study focuses on employees working at the Yogyakarta Central Post Office, Indonesia. Therefore, the results of this study do not represent employees working at branch post offices or other regions. In addition, the number of respondents is still relatively small, so it is recommended that future studies increase the number of research samples or expand the scope of the sample.

Novelty-This study provides a deeper understanding of the relationship between employee performance and the factors that influence it. These findings are expected to provide practical recommendations for policymakers and practitioners to improve employee performance.

1. Introduction

Human resources (HR) are one of the most important factors in a company's operational processes (Šebestová & Popescu, 2022). Given the importance of HR in a company, everything

related to HR in the company must be taken into consideration (Goswami, 2018). The survival of an organization depends on the efficiency and effectiveness of employee performance. Therefore, effective HR management will yield positive results in the form of improved employee performance (Alsafadi & Altahat, 2021). Evaluation criteria for employee performance include quantity, quality, working hours, and cooperation in accomplishing organizational goals. Every business understands that having HR that is professional, reliable, capable, and conscientious is essential to reaching its objectives.

To achieve excellent employee performance, companies need to understand the factors that motivate employee performance, such as social insurance, work environment, and incentive. In order to achieve their basic needs for a respectable life and to advance their dignity in the pursuit of a thriving society, everyone is entitled to social security (Pobi et al., 2023). The state develops a social security system for the entire community. Social security is something that employees need in order to feel satisfied with what they have done for the company. Brusa and Bahmani-Oskooe (2020) and Zanardi and Martin (2020) state that social security has a positive influence on employee performance. The results of this study are reinforced by the opinion that the purpose of providing social security is to meet the needs of employees so that a high level of performance can be achieved (Zanardi & Martin, 2020). This means that with the existence of social security for workers, employee needs can be met, thereby improving their performance.

Employee performance and the work environment are related, according to study by Raziq and Maulabakhsh (2015) and Hafeez et al. (2019), which found that the work environment improves employee performance. An atmosphere that is comfortable for workers can improve their focus, which in turn boosts their output (Shammout, 2021). To ensure a supportive work environment, it is recommended to implement a flexible work model, which involves a workplace tailored to the situational conditions related to employees and the characteristics of their work. One concept for creating a good working environment for employees is work-life quality (Daniel, 2019). Given the importance of the workforce, companies need to provide motivation, rewards, and incentives to employees to encourage them to perform their duties with more enthusiasm (Affainine & Qutieshat, 2023).

The next factor that influences employee performance is incentives. Zysman (2020) defines incentives as a form of direct payment based on performance and profit sharing for employees due to increased productivity or cost savings. Providing incentives to employees is closely related to employee performance, where without incentives it is difficult to motivate employees to be disciplined at work. Without high motivation from employees to work, high productivity from an employee may not be achieved (Sabir, 2017). Incentives have a reciprocal relationship that influences each other, so providing targeted incentives provides feedback to employees to improve their performance (Ashraf & Bandiera, 2018). Tumwet et al. (2015) and Utin and Yosepha (2019) demonstrate that incentives have a positive impact on employee performance. In human resource management and organizational behavior literature, incentives serve as a tool to motivate employees (Rigby & Ryan, 2018). When organizations pay attention to various monetary factors, such as paid leave and bonuses for health care, employees will feel that the organization supports them. Accordingly, incentives boost worker motivation, which raises output (Dilham et al., 2020).

The connection between incentives and how they affect worker performance is explained by motivation theory. Maslow's (1954) hierarchy of needs theory, which divides human wants into two categories, is the first theory of motivation. Physiological needs, as well as those pertaining to safety and insurance, are considered lower-level wants. Socialization, self-esteem, and self-actualization are considered higher-level needs. According to this notion, employees receive incentives that are tied to their sense of self-worth, which inspires them to perform better. Herzberg's theory, the second theory of motivation, describes two categories of factors: hygienic factors and motivational factors (Martínez et al., 2019). Employees want to grow within the organization, and if there are opportunities for growth, promotion, and recognition, they feel motivated to work. However, hygiene factors such as work environment, quality of interpersonal relationships, and salary are also important as motivational factors. Without any of these factors,

employees will begin to feel dissatisfied with their work, which will affect their performance (Han et al., 2020).

This study was conducted at the Central Post Office in Yogyakarta, Indonesia. The purpose of this study was to determine employees' perspectives on social insurance, work environment, and incentives, as well as how these factors affect their performance. This study is expected to help human resource managers working in post offices and other sectors understand the importance of paying attention to these three factors to improve employee performance, and how they are closely related to organizational failure or success. The knowledge gaps found in earlier publications served as the foundation for this investigation. According to earlier studies, future researchers should investigate various viewpoints on employee performance in both individual and organizational contexts (Atatsi et al., 2019; Park & Park, 2019). Since they are positively correlated with employee performance, a variety of elements, including organizational culture, work environment, and incentives and rewards, need to be investigated in order to improve employee performance. There is a phenomenon of disparity that shows a mismatch between theory and existing facts. Therefore, researchers aim to investigate the influence of social insurance, work environment, and incentives on employee performance.

2. Literature Review and Hypothesis Development

Social insurance for employees has an impact on job satisfaction, with a positive effect in that the better the social insurance for employees, the higher their level of satisfaction. In addition, Brusa and Bahmani-Oskooe (2020) and Zanardi and Martin (2020) also state that social insurance for workers has a positive effect on their performance at work. Companies must comprehend the elements that drive employee performance, such as incentives, work environments, and social insurance, in order to get exceptional employee performance. In order to achieve their basic needs for a respectable life and to advance their dignity in the pursuit of a thriving society, everyone is entitled to social security (Pobi et al., 2023). The state creates a community-wide social security program. Employees require social security in order to feel content with their contributions to the business. The belief that the goal of social security is to satisfy workers' demands in order to attain high performance levels supports the study's findings (Zanardi & Martin, 2020). This implies that social security for workers allows for the satisfaction of their demands, which enhances performance. In other words, with social insurance for workers, employees' needs can be met, thereby improving their performance. **H_1: Social Insurance Has a Positive Effect on Employee Performance.**

Employee performance and the work environment are related, according to study by Raziq and Maulabakhsh (2015) and Hafeez et al. (2019), which found that the work environment improves employee performance. An atmosphere that is comfortable for workers can improve their focus, which in turn boosts their output (Shammout, 2021). It is advised to use a flexible work model, which entails a workspace customized to the specific circumstances pertaining to employees and the nature of their work, in order to guarantee a helpful work environment. Work-life balance is one idea for fostering a positive work environment for staff members (Daniel, 2019). Given the significance of the workforce, businesses must offer incentives, awards, and motivation to staff members in order to motivate them to carry out their responsibilities with greater zeal (Affainine & Qutieshat, 2023). Therefore, it can be concluded that the work environment influences employee performance. **H_2: Work Environment Has a Positive Effect on Employee Performance.**

One way to encourage workers to perform to the best of their abilities is through incentives. Employee needs are the focus of incentives. According to Vroom's (2015) expectation theory, workers will put in more effort if they start to recognize that there are things they can do to enhance their performance. According to Luo et al. (2015), higher incentives therefore boost employee loyalty, which enhances worker performance and lowers attrition rates. If the company satisfies the desires of its employees, they will remain loyal. Businesses take notice of this because they see workers as valuable resources who must have their wants satisfied

in order to use their abilities. Tumwet et al. (2015) and Utin and Yosepha (2019) demonstrate that incentives have a positive impact on employee performance. The five essential wants of human physiological necessities, safety, love and belonging, self-esteem, and self-actualization are described in Maslow's (1954) hierarchy of needs and can be satisfied by rewards and incentives. Workers with self-esteem are those who see that their superiors regard them, and they will perform better as long as their demands are satisfied (Iglesias et al., 2020). **H_3: Incentives Has a Positive Effect on Employee Performance.**

The research model and the variables affecting employee performance are depicted in Figure 1. Social insurance, the workplace, and incentives are among the elements that are assumed to affect employee performance; all of these are thought to have a favorable impact on employee performance.

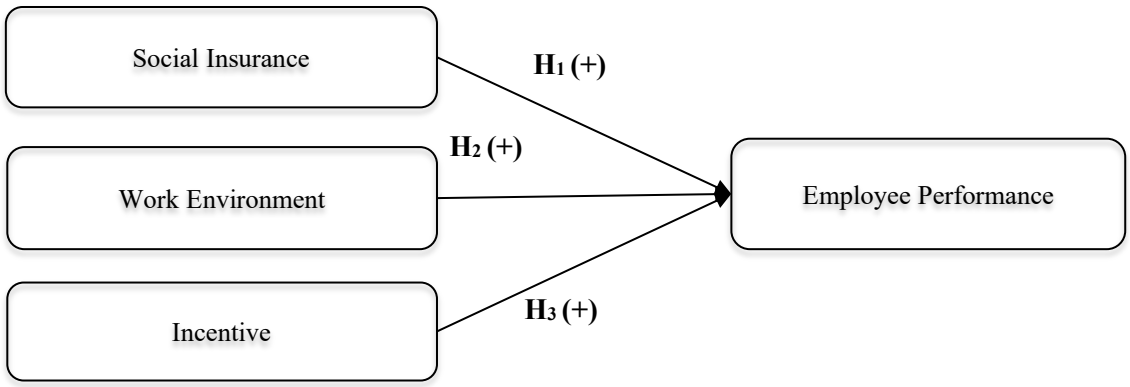

Figure 1. Research Model

3. Research Methodology

The impact of social insurance, the workplace, and incentives on worker performance at the Yogyakarta Central Post Office in Indonesia is examined in this study using a quantitative methodology. 50 employee respondents were chosen for the study's sample size utilizing a saturated sampling technique, in which every employee participated. A questionnaire that was given to the respondents directly was used to collect the research data. Five-point Likert scale indicator items were used to measure each variable. The social insurance variable (SS) consisted of nine indicator items, the work environment variable (WE) consisted of six indicator items, the incentive variable (IC) consisted of 12 indicator items, and the employee performance variable (EP) consisted of 15 indicator items. Several stages of data analysis were conducted using SPSS version 25. Initially, Confirmatory Factor Analysis (CFA) was used to assess validity by analyzing factor loadings > 0.6. Second, Cronbach's alpha was used to assess the reliability of each variable, with a criterion value > 0.7. The significance level for hypothesis testing was set at less than 0.05, so that the hypothesis could be concluded as accepted or supported. The data testing criteria referred to Ghozali (2018).

4. Result and Discussion

Characteristics of Respondents

Table 1 presents respondents' characteristics. The research respondents were evenly balanced between male and female. The respondents were dominated by those aged 41-50 years, with 24 respondents (48%). In addition to gender and age, respondents' characteristics can be categorized based on work experience. The respondents were dominated by those aged 7-10 years, with 29 respondents (58%).

Table 1. Characteristics of Respondents

Classification	Description	Frequency	
		Total	Percentage
Gender	Male	50	50 %
	Female	50	50 %
Age	20-30 Years Old	1	2 %
	31-40 Years Old	14	28 %
	41-50 Years Old	24	48 %
	More than 50 Years Old	11	22 %
Work Experience	4-5 Years Old	9	18 %
	7-10 Years Old	29	58 %
	More than 10 Years Old	12	24 %

Validity Test

The loading factor value for each indicator item that represents each validity test research variable is displayed in Table 2. A few of the study's indicator items were deemed invalid due to loading factors below 0.6. Retesting and item elimination were necessary. SS 1, SS 4, SS 5, IC 1, IC 10, IC 12, EP 1, EP 2, EP 3, EP 7, EP 8, EP 12, EP 13, and EP 15 were the indicator items that were removed.

Table 2. Validity Test Result

Indicator	Social Insurance	Work Environment	Incentive	Employee Performance
SI2	0.798			
SI3	0.737			
SI6	0.633			
SI7	0.697			
SI8	0.708			
SI9	0.641			
WE1		0.823		
WE2		0.838		
WE3		0.683		
WE4		0.694		
WE5		0.743		
WE6		0.631		
IC2			0.679	
IC3			0.606	
IC4			0.709	
IC5			0.732	
IC6			0.703	
IC7			0.603	
IC8			0.613	
IC9			0.625	
IC11			0.625	
EP4				0.604
EP5				0.659
EP6				0.600
EP9				0.639
EP10				0.654
EP11				0.616
EP14				0.606

Reliability Test

The reliability test results shown in Table 3 indicate that all research variables are reliable. This can be seen from the Cronbach's alpha value of more than 0.7 for the social insurance, work environment, incentive, and employee performance variables.

Table 3. Reliability Test Result

Variable	Cronbach's Alpha
Social Insurance	0.809
Work Environment	0.830
Incentive	0.847
Employee Performance	0.832

Hypothesis Test

Table 4 presents the results of hypothesis testing. Based on these results, several hypotheses were accepted. This is evidenced by the fact that the accepted hypotheses show a positive direction, and the significance value is less than 0.05. Incentive positively affected employee performance. Social insurance and work environment has been proven to have no effect on employee performance, because it has a significance value greater than 0.05.

Table 4. Hypothesis Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Social Insurance → Employee Performance	-0.117	0.164	-0.130	-0.715	0.478
Work Environment → Employee Performance	0.020	0.122	0.026	0.165	0.869
Incentive → Employee Performance	0.439	0.162	0.479	2.721	0.009

Discussion

The Influence of Social Insurance on Employee Performance

The results of the hypothesis test show that social insurance does not have a positive impact on employee performance. These findings are contradicted by previous research from Brusa and Bahmani-Oskooe (2020) and Zanardi and Martin (2020), which found that social insurance does not have a positive impact on employee performance. Social security in this study proved that it cannot necessarily encourage improved employee performance. Many other factors can influence employee performance, such as motivation, incentives, promotions, job training, and others. If employees feel that they are not getting a fair balance of what they need, it can reduce their performance.

The Influence of Work Environment on Employee Performance

The results of the hypothesis test show that the work environment does not have a positive impact on employee performance. These findings are contradicted by previous studies Raziq and Maulabakhsh (2015) and Hafeez et al. (2019), which found that the work environment does not have a positive impact on employee performance. This study proves a fact that contradicts the theory that a conducive work environment does not necessarily provide a sense of security and optimally improve employee performance (Santoso & Oktafien, 2024). This can happen because the work environment can affect employee emotions. If employees like their work environment, they will feel comfortable at work and ultimately increase their productivity. However, the opposite is also true: if the work environment does not support productivity, employee performance will naturally tend to decline (Shobe, 2018). Therefore, creating or maintaining a conducive and positive work environment is important for supporting improvements in employee performance (Ikechukwu et al., 2019).

The Influence of Incentive on Employee Performance

The results of the study show that incentives have a positive impact on employee performance. Tumwet et al. (2015) and Utin and Yosepha (2019) state that incentives have a positive impact on employee performance. Incentives are one of the means of motivating employees to work to their full potential. Incentives aim to meet the needs of employees. The

expectancy theory developed by Vroom (2015) suggests that employees will work hard when they begin to realize that there are things that will improve their performance. As a result, increased incentives also increase employee loyalty, which in turn improves employee performance and reduces turnover rates (Luo et al., 2015). Employees will be loyal if their desires are fulfilled by the organization. Organizations pay attention to this because they believe that employees are important assets and need to have their needs met in order to utilize their skills. In the hierarchy of needs developed by Maslow (1954), it is explained that humans have five basic needs (physiological needs, safety, love and belonging, self-esteem, and self-actualization), which can be met through incentives and rewards. Employees who feel valued by their superiors fall into the self-esteem category, and as their needs are met, they will improve their performance (Iglesias et al., 2020).

5. Conclusion

This study proves that incentives have a positive impact on employee performance. However, social insurance and work environment do not have a positive impact on employee performance. Based on these results, this study is still considered to have limitations. The sample respondents in this study only focused on employees of the Yogyakarta Central Post Office, Indonesia. Therefore, the results of this study cannot be said to represent the general opinion of all Post Office employees and do not cover a wider area. These limitations naturally affect the accuracy of the results. Based on the findings of this study, the author suggests that every company should begin to emphasize the establishment of social insurance, work environment, and incentives to support improvements in employee performance. Additionally, future research should explore other variables that may influence employee performance and have not been studied in this research.

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