



## The Influence of Financial Reward And Non-Financial Reward On Job Performance Mediated By Job Satisfaction At PT. X

Adinda Rachel Donda Hotnida L. Tobing<sup>1</sup>

<sup>1</sup>Faculty Economics and Business, Universitas Pelita Harapan, Surabaya, Indonesia

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### ABSTRACT

Employees are the most valuable assets within a company or organization, as they serve as one of the driving forces in achieving the company's goals based on its vision and mission. Therefore, companies need to pay attention to various aspects of human resource management within their organizations. This study uses several variables, namely financial reward, non-financial reward, job satisfaction, and job performance. The method used in this study is non-probability sampling with a saturated sampling approach. This research was conducted on all employees at PT. X who met the criteria defined by the researcher, and the data were collected through online questionnaires to facilitate the data collection process. Data analysis was carried out using the Structural Equation Modelling (SEM) method with the PLS-SEM application. The results of this study indicate that some variables have significant effects while others do not. Financial reward does not significantly influence job satisfaction or job performance, including through its mediating pathway. In contrast, non-financial reward has a significant effect on job satisfaction and also contributes to job performance through the existing mediating pathway in PT. X.

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### Corresponding Author:

Adinda Rachel Donda Hotnida L. Tobing  
Faculty Economics and Business, Universitas Pelita Harapan,  
Surabaya, Indonesia  
Email: [cheltob97@gmail.com](mailto:cheltob97@gmail.com)

## 1. INTRODUCTION

Employees are a fundamental asset of a company, enabling it to operate effectively, as they possess the skills, enthusiasm, and thinking ability to achieve the company's goals [1]. Companies hire employees to reach their expected objectives in line with their vision and mission for a better future. Companies with dedicated employees are expected to deliver maximum contributions in order to achieve strong performance [2]. Employees play a crucial role in the company, as they are the driving force behind its operations. In practice, companies conduct employee selection to find individuals who align with the organization so they can grow together.

The company's growth process is accompanied by the willingness of employees to consistently deliver their best in their work. Companies need employees who are motivated to grow; without this mindset, the company will not develop and may even regress. Employee awareness of their responsibilities is essential for the company, as this is the reason employees are compensated with salaries or benefits.

By recruiting employees who meet the established criteria, companies are believed to be able to create effective synergy to achieve shared goals, as selected employees have a vision and mission aligned with the company's direction [12]. Employee rewards are one of the key elements in human resource management. The provision of rewards, whether financial or non-financial, aims to increase work motivation, loyalty, and employee productivity. For the company, these rewards represent a long-term investment in maintaining workforce quality [4]. Sadiq et al. [14] expanded the understanding of non-financial rewards into social and psychological aspects, emphasizing the importance of paying attention to employees' emotional dimensions. Financial rewards are tangible compensation such as salaries, bonuses, incentives, allowances, and commissions. These types of rewards are direct and measurable and are often a major consideration in employees' career decisions. The base salary is the most basic form of financial reward, regularly received by employees each month. In addition, companies may also provide allowances such as meal money, transportation, healthcare, and family support as part of a holistic approach to employee well-being. Bonuses are typically given periodically as recognition for annual performance or the achievement of company targets. Meanwhile, incentives are more situational and directly tied to the productivity of individuals or teams over a specific period. Both forms are effective in driving the achievement of work targets. Fair and competitive financial rewards can improve job satisfaction and reduce turnover. Employees feel tangibly appreciated for their contributions, which ultimately strengthens their commitment and attachment to the company. *Financial reward* yang kompetitif juga dapat mengurangi tingkat stres terkait keuangan, meningkatkan loyalitas terhadap perusahaan, dan menurunkan tingkat *turnover* [13].

In addition to financial rewards, non-financial rewards are also highly important. These can take the form of recognition, training, promotion opportunities, increased responsibilities, a comfortable work environment, and flexible working arrangements. These are valuable additions that are no less significant than material compensation. Giving verbal praise, award certificates, or showcasing employee achievements in internal forums can have a significant emotional impact. Feeling personally valued and recognized often sparks higher enthusiasm and engagement at work. Opportunities to attend training, seminars, or further education are highly valuable forms of non-financial reward. This demonstrates that the company cares about the development of its employees' competencies, which in turn fosters greater loyalty and trust. A supportive, open, and inclusive work environment is a form of non-financial reward that encourages comfort and a sense of security in the workplace [8]. A healthy work culture makes employees feel at home and motivates them to perform at their best. A balanced combination of financial and non-financial rewards creates a comprehensive reward system. If a company relies solely on one form, it risks missing the opportunity to build emotional and psychological bonds with employees. Employees who feel appreciated—both financially and non-financially—tend to be more productive, creative, and willing to contribute beyond what is required. A sense of belonging to the company grows as strong emotional bonds and intrinsic motivation develop [4].

Employees who are aware and motivated in their work will reflect this in their job performance, as seen in the results of the company's management evaluations [9]. Job performance can be demonstrated when the company is able to provide a sense of safety and comfort for employees while they work. When employees do not perceive their tasks as burdens, it has a positive impact on their overall performance. In the professional world, many companies at the managerial level continually seek ways to improve job satisfaction, work performance, and employee productivity [4]. This is

because organizational dynamics are constantly changing, and a company's journey toward achieving its targets is not always smooth. Likewise, employees' paths are not always easy when they are assigned specific targets by the company. Even when a company is performing well, it does not automatically ensure that employees feel comfortable within it. Many factors can lead employees to perform at a high level, yet at the same time, they may not feel content due to pressure from superiors or because the rewards they receive are not proportional to the output they produce [10].

Employee training can also reflect the performance of employee work [11]. With proper training, the company can achieve optimal performance when employees apply what they have learned and are willing to develop the material delivered during the training. Company training can take various forms, such as seminars or inviting well-known practitioners with strong public reputations. Mastery of the material from such experts can inspire employees to grow together with the company. A growing company will not provide poor treatment to its employees. Employees are vital assets to the company, acting as the driving force behind its operations [7]. The relationship between employees and the company is a work bond formed between individuals as the workforce and the organization they work for. This relationship is reciprocal: the company provides compensation, development opportunities, and a conducive work environment, while employees contribute their energy, time, and skills to help achieve the organization's goals. A harmonious relationship between employees and the company forms a critical foundation for building a productive and healthy work environment. When this relationship is well-established, employees feel valued, motivated, and are more likely to give their best performance. In return, the company benefits from increased loyalty and sustainable productivity improvements.

Companies will provide compensation or rewards to employees when they achieve performance or results that meet the company's expectations. This is a common practice across companies—recognizing high-performing employees for their effort and hard work. Rewards are a form of appreciation from the company to employees who have delivered their best performance, based on evaluations conducted by management. Such rewards can motivate employees to continue working harder and meet the company's demands. Through these rewards, companies aim to maintain and enhance performance in both the short and long term [5]. However, in some companies, even when rewards are given for meeting predetermined targets, they may not always inspire employees to pursue those goals. Companies that pay attention to aspects such as health, workplace safety, and work-life balance will in return benefit from higher performance levels and sustained employee morale.

PT X is a company engaged in the provision of goods and services. With various business lines, the company employs a total of 70 employees at the middle to lower management levels. Its business divisions include labor supply services, procurement of electrical and mechanical goods/services, vehicle rental, heavy equipment rental, and civil construction work. Due to its diverse business lines, the company faces various challenges, one of which is performance. The company is currently experiencing performance stagnation, as shown by internal data. Although the company has provided rewards to employees, these rewards have had little impact on employee motivation or work performance, ultimately affecting overall company performance. Each job level has specific responsibilities. Staff-level employees are tasked with archiving and compiling daily field progress reports, preparing data and supporting documents for supervisors and managers, inputting data into systems (such as Excel or internal company software), and assisting with administrative communication with external users/vendors. Supervisors are responsible for evaluation, monitoring, and field execution work, such as coordinating and overseeing the work of administrative and technical project staff, evaluating staff performance, ensuring tender documents and project reports are complete and accurate, and coordinating with field teams including operators, outsourced workers, and project teams. At the managerial level, the responsibilities are more strategic. Managers are in charge of developing project bidding strategies and making tender decisions, ensuring that projects run according to the agreed

budget, schedule, and quality standards, and most importantly, formulating performance-based reward policies and human resource development plans to ensure employee satisfaction and alignment with company expectations.

Table 1. Company Performance of PT. X

Component	Year	Staff	Supervisor	Manager
Number of Targets (Rp)	2023	41.000.000.000	22.000.000.000	72.000.000.000
	2024	41.000.000.000	22.000.000.000	72.000.000.000
Total Achievements (Rp)	2023	36.459.000.000	19.217.000.000	56.998.400.000
	2024	35.152.000.000	18.240.000.000	54.880.000.000
Number of people reach target	2023	22	6	11
	2024	19	5	10
Number of people did not reach the target	2023	19	5	7
	2024	22	6	8
Total Project Success (%)	2023	89,52	85,83	87,44
	2024	91,05	86,42	90,25
Total achievement (%)	2023	89,9	90,08	89,06
	2024	87,2	88,17	85,75
Total Performance	2023	89,92	89,42	88,82
	2024	87,97	87,60	86,62

Source: Secondary Data of Company PT. X (2025)

The table above provides a comprehensive overview of PT. X's performance over the past two years, focusing on employee performance based on job levels—staff, supervisor, and manager. The table presents data related to target and actual revenue (omzet), the number of employees who met or did not meet their targets, project success rates, and final performance scores, which are calculated based on a combination of 60% revenue achievement and 40% project success.

The company set consistent revenue targets for all job levels in both 2023 and 2024. Although the targets remained unchanged, revenue achievement in 2024 declined across all levels. At the staff level, revenue dropped from Rp36.46 billion to Rp35.15 billion. For supervisors, it decreased from Rp19.22 billion to Rp18.24 billion, and for managers, from Rp56.99 billion to Rp54.88 billion. This decline was followed by a decrease in the number of employees who met their targets, along with an increase in the number of employees who failed to meet their targets in 2024.

On the other hand, project success rates showed a positive trend. All job levels recorded an improvement in project success compared to the previous year. Staff increased from 89.52% to 91.05%, supervisors from 85.83% to 86.42%, and managers from 87.44% to 90.25%. This indicates that, technically, project execution has improved. However, despite the higher project success rates, the overall performance scores still declined, suggesting challenges in achieving the main targets used as the basis for evaluation.

This situation reflects a complex dynamic. On one hand, project success has improved; on the other hand, target achievement and overall performance have declined. This raises important questions in the context of human resource management, particularly regarding the reward system, job satisfaction, and their impact on employee performance. The reward system in use has not changed over the past two years, yet the variation in performance outcomes indicates a potential ineffectiveness in the system being applied. Robbins and Judge [6] state that a reward system that is not aligned with actual work outcomes can decrease motivation and overall job performance.

Given this situation, this study aims to analyze the extent to which rewards provided by the company—both financial and non-financial—influence employee job satisfaction and its impact on their performance. The study also seeks to determine whether job satisfaction serves as a mediating variable

in the relationship between rewards and job performance. Armstrong [3] emphasizes that job satisfaction, which results from an appropriate reward system, can serve as a key foundation for promoting more productive and sustainable individual performance.

The selection of variables—financial reward, non-financial reward, job satisfaction, and job performance—in this study refers to the Two-Factor Theory proposed by Frederick Herzberg. According to this theory, job satisfaction is shaped by motivator factors such as rewards, recognition, and personal development (non-financial rewards), and supported by hygiene factors such as salary and incentives (financial rewards). Both types of rewards are believed to jointly influence job satisfaction, which in turn impacts employee performance. Therefore, this conceptual framework serves as the primary theoretical foundation of this study. The key characteristics of job performance theory include a focus on measurable target achievement, consistency in meeting quality standards, and the ability to adapt to change [15].

Although various previous studies have discussed the influence of financial rewards on job satisfaction or job performance separately [1], there is still limited research that simultaneously examines the influence of both financial and non-financial rewards on job satisfaction and their implications for job performance—especially with job satisfaction as a mediating variable. Furthermore, studies focusing on organizations with project-based and multi-divisional work structures, such as PT X in Indonesia, are still rare. This highlights a research gap that this study aims to address.

## **2. METHOD**

### **2.1 Research Object**

This study is a quantitative research with an explanatory design and employs a survey approach. Based on the research objectives, the study focuses on hypothesis testing. Sekaran and Bougie explain that hypothesis testing aims to describe the relationship between dependent and independent variables, or how one variable influences another. Therefore, this research can be categorized as causal research, which aims to explain cause-and-effect relationships between variable X and variable Y. This study involves independent, mediating, and dependent variables. The independent variables are financial reward and non-financial reward, the mediating variable is job satisfaction, and the dependent variable is job performance.

In addition, based on the time dimension, this research is classified as a cross-sectional study, which is conducted at a specific point in time to answer the research questions. This study uses quantitative data as the basis for analysis. The object of this research is the employees working at Company X, which operates in the goods and services procurement sector. The focus of the research is directed toward understanding how employees' perceptions of rewards (both financial and non-financial) influence their level of job satisfaction and, subsequently, impact employee performance improvement.

In the conceptual framework developed in this study, the aim is to determine whether financial and non-financial rewards have a significant influence on employees' ability to perform better compared to their previous work performance, by observing their job satisfaction [4]. The contribution of this research lies in the combination of the study conducted by [4], specifically by examining whether the satisfaction derived from the rewards received by employees can have an impact on the overall job performance of the employees.

### **2.2 Unit of Analysis**

The unit of analysis in this study is the individual—specifically, employees working at Company X who meet the criteria as respondents. The criteria used are permanent employees who have worked for at least two years. This criterion aims to minimize bias in questionnaire responses, as permanent

employees are more likely to have experienced and understood the reward system implemented in the company. This is also based on the company policy whereby employees who have completed a one-year probation period are promoted to permanent status and begin to receive certain forms of rewards. Data collection was carried out through the distribution of online questionnaires filled out directly by the respondents. The confidentiality of the data is fully protected and used solely for the purposes of this research. The collected data will then be processed and analyzed according to quantitative research procedures.

### **2.3 Types of research**

This study uses primary data, which is data collected directly by the researcher from the original source through a survey. The primary data collected includes the variables of financial reward, non-financial reward, job satisfaction, and job performance. One of the key aspects of this research is the process of testing the validity and reliability of the instruments used before drawing overall conclusions. This is intended to ensure that the measurement tools used can accurately and consistently measure the intended variables. This research is a non-interventional survey study, meaning it does not involve any specific treatment or manipulation of the respondents. The main instrument used for data collection is a structured questionnaire. Based on the time dimension, this study is categorized as a cross-sectional study, conducted at a single point in time without repeated observations, with the aim of explaining the relationships between the variables studied. This study uses a quantitative approach, as the analysis is conducted using numerical data obtained from respondents and processed using statistical techniques.

### **2.4 Measurement of Research Variables**

Research variables are elements that are observed and measured in a study, including concepts, objects, or phenomena that can be scientifically explained and statistically analyzed. In this study, the researcher uses three main types of variables: independent variables, mediating variables, and dependent variables. The independent variables are financial reward and non-financial reward, which are assumed to influence the dependent variable, job performance. Meanwhile, job satisfaction is used as a mediating variable that bridges the influence of the two independent variables on the dependent variable. These three variables are designed within a single conceptual framework to identify the extent to which the relationships between variables can be theoretically explained and empirically tested. Measurement of each variable is carried out using indicators whose validity and reliability have been tested in previous studies and adapted to the context of the organization being studied.

#### **2.4.1 Independent Variable (X)**

An independent variable is a variable that influences or is suspected to cause changes in another variable, namely the dependent variable. In this study, there are two types of independent variables being examined: financial reward and non-financial reward. Both variables are assumed to contribute to improving employee job satisfaction and job performance. Financial reward includes compensation such as salary, bonuses, allowances, or other forms of monetary rewards. Meanwhile, non-financial reward refers to non-material forms of appreciation, such as recognition, promotions, training opportunities, or a supportive work environment. These variables are measured to determine the extent to which the company's reward system can enhance employee satisfaction and performance.

#### **2.4.2 Mediating Variable (Z)**

A mediating variable is a variable that bridges or transmits the influence of an independent variable on a dependent variable. Conceptually, this variable helps explain the indirect relationship mechanism between the independent and dependent variables. In this study, the mediating variable used

is job satisfaction. Job satisfaction is assumed to play a crucial role in either strengthening or weakening the effects of financial and non-financial rewards on job performance. Thus, this variable serves as a key to understanding how the reward system can lead to optimal performance through employee satisfaction.

### 2.4.3 Dependent Variable (Y)

This variable is the one that is influenced by or changes as a result of the independent variable in a study or experiment. It is commonly referred to as the dependent variable, as its value depends on other variables. In this research, the dependent variable is job performance at PT. X. An operational definition of a variable is a definition that provides meaning through the specific operations or procedures required to measure that variable. The questionnaire, which will later be distributed via Google Forms, will use a Likert Scale. In this study, the variables used are the independent variable (X), the dependent variable (Y), and the mediating variable (Z). The independent variables (X) are *financial reward* and *non-financial reward*; the dependent variable (Y) is *job performance*; and the mediating variable (Z) is *job satisfaction*.

## 2.5 Population and Research Sample

### 2.5.1 Population

The population in this study refers to all elements or individuals who possess certain characteristics relevant to the research objectives and serve as the source for data collection. The population forms the basis for drawing conclusions and generalizing the research findings. In this study, the population consists of all employees at PT X, totaling 70 individuals. All members of this population share common characteristics—namely, they hold permanent employment status and have worked for a minimum of two years—making them deemed appropriate to provide accurate data in accordance with the variables being studied.

### 2.5.2 Sample

A sample is a subset of the population that serves as the source of data and is used to represent the entire population in a study. In this research, the sampling technique used is non-probability sampling with a saturated sampling approach, which is applied when all members of the population are used as the sample due to the relatively small number and their full accessibility. Therefore, all employees who meet the criteria in the population—totaling 70 individuals—were used as respondents in this study. This technique is considered the most appropriate because it can yield more comprehensive and representative data that accurately reflects the actual conditions in the field.

## 2.6 Data collection

This study uses primary data obtained directly by the researcher during the research period. The data collected is raw data, which will later be processed, analyzed, and used to draw conclusions. The sampling technique was conducted using a census method, involving respondents who meet the criteria of being permanent employees who have worked for at least two years. This criterion was established to ensure that the data comes from individuals with sufficient experience and understanding of the company's reward system and work environment. The unit of analysis in this study is the individual, and the primary data was collected through the distribution of online questionnaires using Google Forms. Respondents were selected based on their alignment with the criteria established in the study.

## **2.7 Data Analysis Methods**

This research is classified as a quantitative study. The data analysis technique used in this study is Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) method, utilizing SmartPLS version 3 software. PLS is considered an excellent analytical method because it is not based on many assumptions. According to Ghozali (2014), the advantages of PLS are as follows:

1. It is a robust method as it does not rely on many assumptions.
2. The data is not required to have a multivariate normal distribution.
3. It can be used to confirm theories.
4. It can simultaneously analyze constructs formed by both reflective and formative indicators.
5. It can explain the relationships between variables.

The initial stage in a research study requires testing the validity and reliability of the variables used. Therefore, a research instrument is needed to identify and measure the phenomena being analyzed so that the research can proceed to the next stage. A research instrument is a tool used to measure phenomena, whether in natural or social contexts being observed. In this study, the instrument was tested through validity and reliability testing. This research uses a saturated sampling technique, in which the entire population is used as respondents. Consequently, validity and reliability tests were conducted directly on the main data, without a separate pretest stage.

### **2.7.1 Validity Test**

Validity testing is conducted to ensure that each indicator in the model accurately measures the intended construct. The validity testing in this study includes three stages, namely:

#### **1. Convergent Validity**

Convergent validity refers to the extent to which indicators within a construct are highly correlated with one another. This form of validity is demonstrated through the loading factor, which reflects the contribution of each indicator to its corresponding latent variable. Generally, a loading factor value greater than 0.70 is considered to meet the criteria for convergent validity. However, in exploratory research or the early stages of developing a measurement scale, loading factor values between 0.50 and 0.60 are still considered acceptable. Therefore, in this study, a minimum loading factor threshold of 0.50 was used to determine whether an indicator within a construct can be deemed valid.

Based on the results of the main data analysis, it was found that two indicators under the non-financial reward variable—X2.2 and X2.5—had outer loading values below the minimum threshold recommended for convergent validity. As a result, these two indicators were excluded from the model because they did not meet the validity criteria. This removal was done to ensure that the non-financial reward construct is only measured by indicators that are valid and reliable, thereby producing more accurate and representative analysis results.

#### **2. Discriminant Validity**

Discriminant validity aims to ensure that each construct in the model truly measures a distinct concept. In this study, the Heterotrait-Monotrait Ratio (HTMT) method was used as the measurement tool. According to Hair et al. (2022), an HTMT value below 0.90 indicates good discriminant validity. Based on the test results from 70 respondents, all HTMT values between constructs were below the 0.90 threshold. This indicates that the model has met the criteria for discriminant validity.

#### **3. Average Variance Extracted (AVE).**

Average Variance Extracted (AVE) is used to measure how much of the variance in the indicators is explained by the construct compared to the variance caused by measurement error. A recommended AVE value is greater than 0.50, which indicates that the construct explains more than 50% of the variance in its indicators (Hair et al., 2022). In this study, AVE testing was conducted using SmartPLS

version 3.2.8 on the main data collected from 70 respondents. The results showed that all variables had AVE values greater than 0.50, indicating that the model meets the criteria for good convergent validity.

### **2.7.2 Reliability Test**

Reliability testing is conducted to assess the extent to which a research instrument produces consistent data over time. An instrument is considered reliable if the measurement results demonstrate stability and consistency in responses from the participants. In this study, reliability was tested using the composite reliability value, with a minimum threshold of 0.70. The testing results using SmartPLS version 3.2.8 showed that all constructs had composite reliability values above 0.70, indicating that the instrument is reliable and suitable for use in further analysis.

## **2.8 Hypothesis Testing**

A hypothesis is a provisional statement proposed as an answer to the research questions in a study. In the context of this research, hypothesis testing aims to determine whether there is a significant influence of the independent variables (financial reward and non-financial reward) on the dependent variable (job performance), either directly or through the mediating variable (job satisfaction). Hypothesis testing was conducted using the Partial Least Squares (PLS) approach, operated through SmartPLS version 3 software. One of the main techniques used in PLS for hypothesis testing is the bootstrapping technique. Bootstrapping is a statistical method used to estimate the accuracy of model parameters by repeatedly resampling the existing sample data randomly. This technique allows researchers to assess the stability of path coefficient estimates, t-statistic values, and p-values in the structural model.

In this study, a hypothesis is considered significant and accepted if the t-statistic value is greater than 1.96 and the p-value is less than 0.05. The t-statistic indicates the statistical significance level of the relationship between variables, while the p-value shows the probability that the observed relationship occurred by chance. Therefore, the smaller the p-value (below 0.05), the stronger the confidence that the relationship between the variables is statistically significant. Furthermore, the path coefficient value is used to assess the direction and strength of the influence between variables in the model. This coefficient is interpreted as the standardized beta value from the regression results based on the Ordinary Least Squares (OLS) principle and can reflect either a positive or negative influence depending on the direction of the relationship between constructs. The PLS model distinguishes two main structures, namely the outer model and the inner model. Hypothesis testing is conducted on the inner model, which represents the causal relationships between latent constructs.

According to Jogiyanto and Abdillah, the inner model or structural model is used to predict the relationships between latent variables that have been designed in the conceptual model. The validity of the inner model is assessed based on the path coefficient values and p-values obtained from bootstrapping. If the t-statistic value obtained from bootstrapping is higher than the t-table value (1.96) and the p-value is less than 0.05, then the hypothesis is considered supported or accepted. In addition, hypothesis testing is also carried out to determine whether the influence between variables is direct or indirect. Path analysis in PLS is used to identify the magnitude of the direct effect of independent variables on the dependent variable, as well as the indirect effect mediated by another variable. In this study, the influence of financial reward and non-financial reward on job performance is tested not only directly but also through job satisfaction as a mediating variable.

Thus, hypothesis testing using PLS provides a comprehensive overview of the strength, direction, and significance of the relationships among the variables studied. The results of this testing serve as a crucial foundation for drawing final conclusions and for providing relevant recommendations to the company in managing its reward system to optimally improve employee satisfaction and performance.

### **3. RESULTS AND DISCUSSION**

#### **3.1 Respondent Profile**

This study involved 70 permanent employee respondents with a minimum of two years of service. The majority of respondents were female (60%), aged between 25–34 years (72%), held a bachelor's degree (49%), and worked in operational and administrative divisions. Most held staff positions (59%), and the majority had a tenure of 2–3 years (57%). This indicates that the company recruits employees who are in their productive age and highly educated, but who still tend to be mobile in their careers.

#### **3.2 Descriptive Analysis**

**Financial Reward:** An average score of 4.23 indicates that financial compensation (such as annual bonuses) is positively perceived by employees, with FR7 being the highest-rated indicator (mean = 4.51). **Non-Financial Reward:** The average score is 3.98, with the highest-rated indicator being company gatherings (NFR2 = 4.25) and the lowest being additional leave (NFR7 = 3.56), suggesting that non-financial rewards are fairly appreciated. **Job Satisfaction:** The average score is 4.10, with the highest-rated indicator being workplace facilities (JS7 = 4.40). **Job Performance:** The average score of 4.02 shows that job performance is rated highly, particularly in target achievement (JP1 = 4.10).

#### **3.3 Inferential Analysis**

**Validity and Reliability:** All constructs met the validity criteria ( $AVE > 0.5$ ,  $HTMT < 0.9$ ) and reliability thresholds ( $CR > 0.6$ ,  $Cronbach's\ Alpha > 0.7$ ). **Multicollinearity:** No signs of multicollinearity were found ( $VIF < 5$ ).

**Path Coefficient Results:**

1. Non-financial reward → Job satisfaction: significant ( $\beta = 0.564$ ,  $p = 0.000$ )
2. Job satisfaction → Job performance: significant ( $\beta = 0.438$ ,  $p = 0.005$ )
3. Financial reward → Job satisfaction / Job performance: not significant
4. Non-financial reward → Job performance: not directly significant, but significant indirectly through job satisfaction

**R-Square & Q<sup>2</sup> Predict:**

1. Job Satisfaction:  $R^2 = 0.539$ ,  $Q^2 = 0.487$
2. Job Performance:  $R^2 = 0.507$ ,  $Q^2 = 0.318$

#### **3.4 Hypothesis Discussion**

1. H1: Financial reward → Job satisfaction → Not significant, due to the dominance of younger employees who prioritize self-development.
2. H2: Non-financial reward → Job satisfaction → Significant, in accordance with Herzberg's theory that non-financial motivators more effectively drive satisfaction.
3. H3a & H3b: Financial reward → Job performance (direct & mediated) → Not significant.
4. H4a: Non-financial reward → Job performance → Not significant (direct).
5. H4b: Non-financial reward → Job performance (via job satisfaction) → Significant.
6. H5: Job satisfaction → Job performance → Significant, indicating the importance of satisfaction in driving performance

#### **3.5 IPMA Analysis**

This indicates that the non-financial reward indicator (X2.8 – employee certification) is highly important and performs well. However, some indicators such as symbolic recognition (X2.3) and additional leave (X2.7) need improvement, as they have high importance but low performance. Strengthening non-financial reward strategies that align with employee needs can significantly enhance job satisfaction and work performance.

#### **4. CONCLUSION**

Financial reward does not have a significant effect on job satisfaction. The analysis results show that the direct influence of financial reward on job satisfaction yields an original sample value of 0.229, a t-statistic of 1.941, and a p-value of 0.052. The p-value above 0.05 indicates that this relationship is not statistically significant. This condition is also reflected in field findings, where despite fluctuations in project achievements and performance between 2023–2024, there was no significant decline in performance even though the incentives or bonuses received did not increase. The majority of employees are relatively young and more focused on gaining experience, career development, and building portfolios, so financial reward is not the main driver of job satisfaction. This is in line with Herzberg's theory, which states that financial compensation is categorized as a hygiene factor, meaning that while inadequate compensation can cause dissatisfaction, sufficient compensation does not necessarily increase job satisfaction.

Non-financial reward has a positive and significant effect on job satisfaction. The test results show that non-financial reward has a significant influence on job satisfaction with an original sample value of 0.564, a t-statistic of 5.030, and a p-value of 0.000. These findings indicate that recognition, learning and promotion opportunities, as well as positive interpersonal relationships, are highly valued by employees. In practice, mentoring programs, sharing sessions, and involvement in decision-making are forms of non-financial reward that are appreciated by employees. These programs not only increase job satisfaction but also promote loyalty and intrinsic motivation, supporting Herzberg's motivation theory and Self-Determination Theory, which emphasize the importance of non-material factors in motivating employees.

Financial reward does not have a significant effect on job performance, either directly or through the mediation of job satisfaction. The direct effect shows an original sample value of 0.082 (t-statistic 0.550; p-value 0.583) and the indirect effect through mediation is 0.100 (t-statistic 1.619; p-value 0.105), both of which are not significant. This indicates that financial incentives alone are not sufficient to motivate performance improvement, particularly for younger employees who are more focused on career development.

Non-financial reward does not have a direct significant effect on job performance, but it has a positive and significant effect through the mediation of job satisfaction. The direct effect of 0.266 (t-statistic 1.679; p-value 0.093) is not significant, while the indirect effect through mediation is 0.247 (t-statistic 2.325; p-value 0.020), which is significant. This suggests that non-financial rewards improve job performance by first enhancing job satisfaction, consistent with Herzberg's theory and Self-Determination Theory. A study by Ghosh et al. also supports this, stating that non-financial rewards are effective when they improve job satisfaction first, which in turn affects performance. In practice, this aligns with the situation where non-financial programs such as mentoring and involving employees in decision-making make them feel valued and strengthen their loyalty, ultimately boosting productivity and job performance.

Companies with a majority of staff-level employees are more likely to prefer non-financial rewards because they support career advancement and provide additional knowledge when facing work-related challenges. This aligns with improved job performance, as employees are better able to solve problems quickly and accurately when equipped with relevant training and knowledge provided by the company.

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