

The Effect of Incentives, Work Motivation, and Work Environment on Employee Performance at PT Telang Agro Mandiri

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Abstract

This study aims to analyze the influence of incentives, work motivation, and work environment on employee performance at PT. Telang Agro Mandiri. The background of this study is the importance of optimizing human resources by providing incentives and enhancing work motivation to support employee productivity. The study employs a quantitative approach, administering a survey to 102 employees. Data were collected using a Likert-scale questionnaire and analyzed using Partial Least Squares (PLS). The study's results indicate that incentives and work motivation significantly affect employee performance, whereas the work environment does not. These findings confirm that at PT. Telang Agro Mandiri, incentives, and work motivation are the primary factors in driving performance, while the work environment has not yet had a tangible impact. This study contributes to management in developing more targeted and effective human resource policies.

Keywords: Incentives, Work Motivation, Work Environment, Employee Performance.

1. Introduction

In an increasingly competitive industrial world, employee performance is a key factor in achieving corporate success. Organizations require productive and competent human resources to compete in an ever-evolving market. According to (Maya & Alvino, 2020), employees are the most important asset compared to other production factors because they are the main drivers of the company. This is reinforced by (Miranti & Perkasa, 2023), who emphasize that without effective human resources, companies will struggle to achieve their business objectives, even if they have advanced technology, sufficient capital, and adequate raw materials.

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As industrial competition intensifies, companies face significant challenges in maintaining and improving employee performance. Factors such as incentives, work motivation, and the work environment are key concerns in human resource management. Studies show that a company's success is strongly influenced by how it manages its workforce, particularly with respect to compensation and welfare. Therefore, many companies are shifting from traditional compensation systems to more structured performance-based systems to enhance workforce productivity.

One of the most influential factors affecting employee performance is the provision of incentives. Incentives serve to encourage individuals to perform their jobs more efficiently and improve their performance ([Inawati et al., 2022](#)). Swasto in his research ([Inawati et al., 2022](#)) states that incentives are bonuses paid in addition to salary for employees who exceed specified criteria. Suwatno ([Inawati et al., 2022](#)), adds that incentives increase interest in performing tasks, thus becoming a form of reward for good performance. ([Almaududi et al., 2021](#)), also emphasizes that incentives provided fairly and in proportion to contributions can increase employee motivation.

In addition to incentives, work motivation also plays an important role. Motivation is the driving force that makes someone strive to achieve their goals ([Putri, 2025](#)). ([Inawati et al., 2022](#)), state that motivation is an element that drives someone in their work activities. Ardian ([Putri, 2025](#)), emphasizes that motivation influences an individual's attitude to strive harder to achieve maximum results, while Baddarudin ([Putri, 2025](#)), states that motivation serves as a stimulus that enhances productivity. Brahmasari ([Inawati et al., 2022](#)), also underscores the vital role of motivation in driving employee performance.

Another equally important factor is the work environment. The work environment encompasses both physical and non-physical aspects that influence employee comfort and work effectiveness, Syaifudin ([Putri, 2025](#)). Adha et al. ([Putri, 2025](#)) Explain that the work environment directly affects employee performance. Nabawi ([Inawati et al., 2022](#)), adds that a good work environment can improve performance, while Rahmawanti ([Inawati et al., 2022](#)), emphasizes that optimal productivity is achieved through a supportive work environment.

Employee performance is defined as work outcomes measured by effectiveness and efficiency in task execution. Previous studies have shown that incentives have a direct influence on employee performance, both directly and through the mediation of work motivation ([Arfianti et al., 2024](#)).

PT. Telang Agro Mandiri is an agribusiness company established by farmers and engaged in providing production facilities and managing food crop cultivation. Since 2021, the company has operated as a corporation to advance community agriculture. One of the main challenges faced is the limited capital available to provide adequate incentives to employees. The incentives provided often fail to meet employees' expectations, thereby affecting their motivation. ([Miranti & Perkasa, 2023](#)), note that incentives that do not consider employees' needs can actually reduce work motivation and loyalty.

PT. Telang Agro Mandiri employs a salary system based on work duration, while incentives are awarded for work quality. There is a difference in motivation between junior and senior employees. Junior employees are more focused on increasing incentives through work

duration, whereas senior employees place greater emphasis on work quality. The provision of these incentives aims to increase motivation so that the quality of employee work improves, which ultimately benefits the company.

Table 1. Employees of PT. Telang Agro Mandiri

NO.	POSITION	NUMBER
1.	Director	1
2.	Deputy Director	1
3.	Commissioner	2
4.	Finance Director	2
5.	Administrator	2
6.	Project Division	7
7.	Marketing Partner	10
8.	Maintenance Division	20
9.	Operations	15
10.	Field	42
TOTAL		102

Source: PT. TAM Data, 2025

The column above shows the number of employees, totaling 102.

The types of incentives implemented by PT. Telang Agro Mandiri include commissions, overtime, and attendance allowances. The overtime system, for example, is calculated based on additional payment per hour worked, while attendance allowances are provided in the form of meals and transportation.

Additionally, PT. Telang Agro Mandiri has annual harvest targets. Data from 2024 shows an average achievement rate of 94.7% of the target. However, there is a gap between the target and actual results, particularly in February and July, which is suspected to be caused by decreased work motivation and an unsupportive work environment. This situation impacts productivity in the planting, maintenance, and harvesting processes.

Previous research has shown differing results. For example, Denyswara ([Putri, 2025](#)) found a strong relationship between incentives and performance, while Marhumi ([Putri, 2025](#)) reported the opposite. ([Pratiwi et al., 2023](#)), concluded that there is a significant relationship between work motivation and performance, but Harahap ([Putri, 2025](#)) did not find such an effect. Similarly, regarding the work environment ([Sinambela & Lestari, 2022](#)) found a significant influence, while [Pratiwi et al. \(2023\)](#) stated the opposite.

In the legal context, Law No. 13 of 2003 on Labor and Government Regulation No. 36 of 2021 on Wages affirm workers' rights to a decent income, including incentives. Additionally, the Minimum Wage (UMK) for South Sumatra in 2025 was set at Rp 3,733,424 (Kompas, 2025).

Based on internal survey results, there is a research gap regarding the influence of incentives, work motivation, and work environment on employee performance at PT. Telang Agro Mandiri. Given the limited capital available, it is important to investigate how these three variables affect employee performance so that they can serve as a reference for managerial decision-making.

2. Literature review

2.1. Incentives

Incentives are rewards or compensation provided by an organization to employees to encourage improved performance, productivity, or behaviors aligned with the company's objectives. Incentives such as bonuses and other forms of remuneration or non-remuneration are powerful strategies in employee management designed to motivate employees.

According to ([Harahap et al., 2023](#)) Indicators for measuring incentives include piecework, bonuses, commissions, and maturity.

2.2. Work Motivation

Work motivation is the internal and external drive that influences individuals to achieve goals in the workplace. This motivation plays an important role in increasing employee productivity, satisfaction, and performance within an organization.

According to ([Afandi, 2021](#)) Indicators of work motivation include compensation, recognition or rewards, work performance, work facilities, and the work itself.

2.3. Work Environment

The work environment refers to all conditions surrounding employees that can affect their comfort, safety, motivation, and productivity at work. The work environment is a very important factor in employee performance, with a fairly broad scope, including tools and resources, the place or location where work is carried out, and various adjustments made to support work activities carried out by individuals or groups of people.

According to ([Inawati et al., 2022](#)), workplace environment indicators include lighting, air circulation, workplace layout, air temperature, noise levels, workplace relationships, cleanliness, and safety.

2.4. Employee Performance

Employee performance is the result of the work individuals produce in carrying out their duties and responsibilities in accordance with organizational standards. In general, employee performance reflects effectiveness, efficiency, and contributions to achieving organizational goals. Optimal performance is influenced by various factors, such as skills, motivation, work environment, and leadership within the organization.

According to ([Pratiwi et al., 2023](#)) Employee performance indicators include work quality, work quantity, timeliness, work efficiency, and work responsibility.

2.5. Framework Thinking

The Effect of Incentives, Work Motivation and Work Environment on Employee Performance at PT Telang Agro Mandiri.

Research by Suryani & Kristianti (2020) indicates that incentives positively affect employee performance at PT. Trimegah Perkasa Jakarta. In addition, a study by Wijaya et al. (2023) indicates that incentives can be considered appropriate rewards for employees who exceed

previously set performance standards. This finding is reinforced by research by Akilah & Rahman (2020), which reports that incentives are part of the compensation provided by organizations to recognize employees' contributions to achieving institutional goals.

Previous studies have shown that work motivation significantly affects employee performance. (Hasibuan, 2020), found that work motivation had a positive effect on employee performance at the Bukit Kayu Kapur Community Health Center in Dumai City. (Ni'mah & Hadi, 2020), also revealed that work motivation and personal knowledge play a role in improving employee performance at the Candisari Kebumen Hotel. A study by (Kuspini, 2021), identified that job satisfaction and work motivation are positively associated with employee productivity at the Saifuddin Zuhri Indramayu Nursing Academy. Additionally, (Hasyim, 2020) demonstrated that workload and compensation influence employee job satisfaction at PT. Yaskawa Electric Indonesia, which ultimately impacts their motivation and performance.

According to (Firjatullah et al., 2023), a healthy and supportive work environment has been proven to have a significant positive impact on employee performance, both directly and through increased work motivation. Their findings reinforce the role of the work environment as one of the strategic variables in human resource management. Additionally, research by (Cristiyaningsih & Marsudi, 2024) shows that a harmonious work environment can reduce work-related stress and enhance employee loyalty.

The Effect of Incentives on Employee Performance.

According to (Putri, 2025), in her research at CV. Lintas Fiber Semarang, she proved that incentives have a significant effect on employee performance. This indicates that employees who receive incentives tend to exhibit greater work enthusiasm, be more disciplined, and have a strong achievement orientation toward work targets.

In line with this, (Tifani, 2024) in her research at PT. Toba Pulp Lestari stated that partial incentive provision significantly impacts performance, where the calculated t-value for incentives (3.044) > t-table (2.002), and the significance level $0.00 < 0.05$. This study also shows that incentives and work motivation jointly explain 34.3% of the variation in employee performance.

Another study by (Miranti & Hikmah Perkasa, 2023), at PT. Ridho Sejahtera Jaya stated that partial incentives have a significant effect on performance improvement. Providing incentives is an effective strategy in human resource management for creating a competitive and productive work environment.

The Influence of Work Motivation on Employee Performance.

(Putri, 2025), in her research at CV. Lintas Fiber Semarang also concluded that work motivation has a significant influence on performance. Motivated employees work more actively, take initiative, and are more responsible in carrying out their tasks. Work motivation in this study encompasses aspects of reward, recognition, and the desire to achieve.

(Pratiwi et al., 2023), also demonstrated that work motivation has a positive impact on performance, with higher motivation directly associated with greater job satisfaction, loyalty, and individual productivity. Employees who have clear work goals and feel valued by the organization tend to show optimal work results.

Furthermore, ([Miranti & Hikmah Perkasa, 2023](#)) emphasize that work motivation is a dominant factor that directly influences employee performance. In their research at PT. Ridho Sejahtera Jaya, work motivation was shown to encourage employee enthusiasm and discipline and was the strongest variable compared with incentives..

The Influence of Work Environment on Employee Performance

Research ([Putri, 2025](#)), at CV. Lintas Fiber Semarang states that although work environment variables do not have a significant effect on performance individually, in the context of incentives and work motivation, the environment remains a significant factor. This indicates that the role of the work environment remains important in supporting other factors that contribute to performance.

In contrast, research ([Inawati et al., 2022](#)) states that the work environment, along with incentives and motivation, significantly affects employee performance at Coto Tamalanrea Makassar. This study confirms that the quality of the work environment plays a major role in increasing employee morale and efficiency.

([Pratiwi et al., 2023](#)), also supports this opinion by showing that a good work environment, such as comfortable physical conditions, harmonious social relationships, and a clear work system, can foster high morale, thereby improving the efficiency with which work targets are achieved.

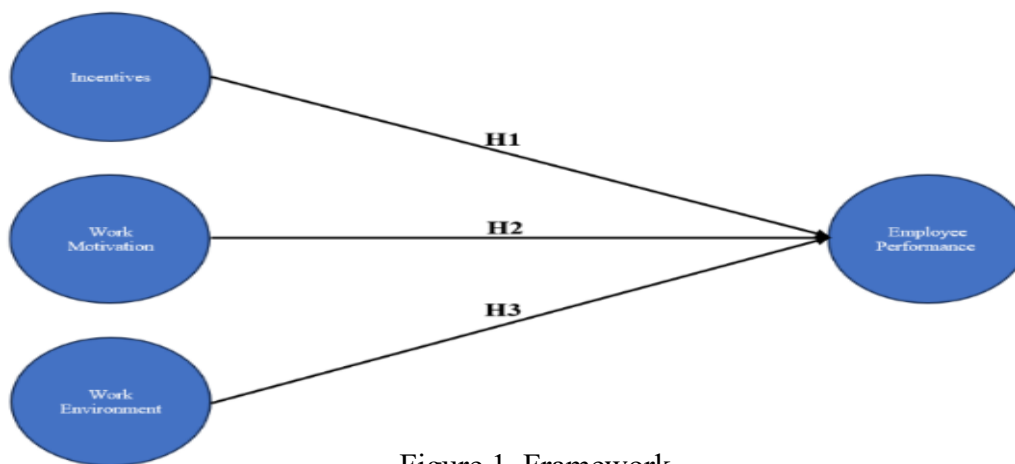


Figure 1. Framework

Hypothesis

Based on the explanation of the framework, the research as a temporary answer to the this research problem is as follows:

- H1: Incentives affect employee performance.
- H2: Work motivation affects employee performance.
- H3: Work environment affects employee performance.

3. Research methods

This study is a quantitative study using a survey approach. The study aims to identify and analyze the influence of incentives and work motivation on employee performance at PT. Telang Agro Mandiri. A quantitative approach using a questionnaire method was used to collect measurable and objective data from respondents.

3.1. Operationalization Variables

Table 1. Operationalization of Variables

Variable	Operational Definition	Measurement	Indicators
Incentives (X1) - Independent Variable	The provision of additional rewards to employees for achieving certain performance targets, either in financial or non-financial form.	Likert scale	- Piecework - Bonus - Commission - Maturity (Harahap et al., 2023)
Work Motivation (X2) - Independent Variable	Internal and external motivations that inspire enthusiasm in working toward specific goals.	Likert scale	- Rewards - Recognition/appreciation - Work achievements - Work facilities - The job itself (Afandi, 2021)
Work Environment (X3) - Independent Variable	All physical and non-physical conditions in the workplace that affect employee comfort, safety, and productivity at work.	Likert scale	- Lighting - Air circulation - Workspace layout - Air temperature - Noise - Work relationships - Cleanliness - Safety (Inawati et al., 2022)
Employee Performance (Y) - Dependent Variable	The results achieved by employees in carrying out their duties in accordance with their assigned responsibilities, both in terms of quantity and quality.	Likert scale	- Work quality - Work quantity - Timeliness - Work efficiency - Work responsibility (Pratiwi et al., 2023)

Source: Author's thoughts based on theory, 2025

In this study, the population used was all employees of PT. Telang Agro Mandiri, totaling 102 respondents. The research employed a saturation sampling technique, whereby all employees were included as research respondents, yielding 102 respondents.

In this study, the questionnaire uses a Likert scale as a measuring tool. These variables will be broken down into indicators, which will then form the basis for the formulation of each item in the instrument in the form of statements. Each instrument will have a score as follows: Strongly Agree (SS) = 5, Agree (S) = 4, Neutral (RG) = 3, Disagree (TS) = 2, Strongly Disagree (STS) = 1.

Data processing was performed using SmartPLS 4 software to analyze the relationship between research variables. SmartPLS 4 is software used to perform Partial Least Squares-Structural Equation Modeling (PLS-SEM) analysis, which is useful for testing the relationship between latent variables, both in the measurement model (outer model) and the structural model (inner model).

Then, hypothesis testing (testing the truth or validity of a claim or statement about a population based on sample data). The dependent variable is Employee Performance, while the independent variables are X1 (Incentives), X2 (Work Motivation), and X3 (Work Environment).

4. Results and Discussion

4.1. Research Results

Incentive index

From the data analysis, the incentive variable has an average value of 3.46, which is classified as good. The indicator with the highest score is the piecework wage system, which motivates employees to increase productivity with a score of 3.70, classified as good, indicating that the output-based wage system is considered capable of encouraging employees to work harder. Meanwhile, the indicator with the lowest score is the bonus for achieving higher targets, with a score of 3.04, categorized as adequate. This indicates that the bonus policy has not yet become the primary driver of employees' increased work targets.

Overall, these results indicate that the company's incentive system is functioning well, particularly with respect to output-based wages and the alignment of commissions with effort. However, the bonus distribution mechanism requires attention to ensure it can more effectively enhance employee motivation and performance.

Work motivation index

Based on the data analysis, the work motivation variable has an average of 3.81, which is classified as good. The indicator with the highest score is the facilities provided by the company, which are adequate to support work, with a value of 3.93, indicating that the availability of work facilities is the factor most perceived as beneficial for increasing motivation. Meanwhile, the indicator with the lowest score is compensation (salary and benefits) received, which is adequate and commensurate with contributions, with a score of 3.70. Although still in the good category, this result indicates room for improvement in aligning compensation with workloads and employee performance.

Overall, employee motivation at PT. Telang Agro Mandiri is at a good level, supported by adequate facilities, recognition of achievements, and working conditions. However, improvements in compensation policies could further enhance motivation.

Work environment index

From the data analysis, the work environment variable had an average score of 3.64, which is classified as good. The highest-scoring indicator was adequate workplace lighting for comfortable work, with a score of 3.81, indicating that lighting is the most supportive factor for employee comfort and productivity. The indicator with the lowest score is air circulation in

the workplace, which is adequate for comfort, with a value of 3.42. This indicates that air circulation remains an aspect that needs attention, especially for employees working in enclosed areas or under extreme weather conditions.

Overall, the work environment at PT. Telang Agro Mandiri already supports employee comfort and work efficiency, including lighting, temperature, cleanliness, and availability of equipment. However, improvements in air circulation and noise control could further enhance overall work comfort.

Employee performance index

From the data analysis, the employee performance variable obtained an average score of 3.80, which is classified as good. The indicator with the highest score was “I am always disciplined in completing my work on time” with a score of 4.03, indicating that discipline is the most prominent aspect of employee performance. The indicator with the lowest score was “I often take the initiative in completing my tasks,” with a score of 3.64. Although still in the good category, this indicates the need for further encouragement and training to make employees more proactive in completing their work without waiting for instructions.

Overall, the performance of PT. Telang Agro Mandiri employees is good, with strengths in discipline, satisfaction with work results, and sufficient knowledge to perform tasks. However, enhancing a culture of initiative and creativity could further maximize performance potential in the future.

Respondent Description

Based on age

Based on age, the number of respondents aged 31-50 years was higher than those aged 20-30 years and >50 years, with 40 respondents aged 20-30 years or 39.2%, 52 respondents aged 31–50 years old, or 51%, and 10 respondents aged over 50 years old, or 9.8%.

The largest number of respondents were in the 31–40 age group because people of working age typically have mature work skills, remain physically strong, and have high family responsibilities, which may influence work motivation and the demand for incentives.

Based on gender

By gender, the number of male respondents exceeded that of female respondents: 97 (95.1%) male and 5 (4.9%) female.

The majority of respondents were male, which is understandable given that jobs in the agricultural sector require physical strength and high mobility, which are generally dominated by male workers. This dominance can also shape perceptions of incentives and the work environment, as the needs and preferences of male workers often differ from those of female workers.

Based on the highest level of education

Based on the highest level of education, the number of respondents with a high school education is higher than those with other levels of education, where the number of respondents with an

elementary school education is 0 people or 0%, junior high school education is 11 people or 10.8%, high school education is 53 people or 52%, vocational high school graduates numbered 29 or 28.4%, diploma one graduates numbered 1 or 1%, diploma two and diploma three graduates numbered 0 or 0%, bachelor's degree graduates numbered 7 or 6.9%, and master's degree graduates numbered 1 or 1%.

Most respondents had a high school education or equivalent, which predominantly reflects a middle-level level of education. This suggests that employees tend to rely on technical skills rather than theory, so direct incentives may be more motivating than non-material rewards.

Based on position

Based on position, the number of respondents with the position of member is greater than other positions, where the number of respondents with the position of Commissioner is 1 person or 1%, President Director is 1 person or 1%, Deputy President Director is 1 person or 1%, Marketing Director is 1 person or 1%, Operations Director is 2 people or 2%, Finance Director 1 person or 1%, and members 95 people or 93.1%.

The research results show that the majority of respondents hold the position of member. This indicates that most respondents hold executive positions and are directly responsible for daily field operations. Meanwhile, the percentage of respondents holding managerial or leadership positions is relatively small, comprising Commissioners, Chief Executive Officers, Deputy Chief Executive Officers, Marketing Directors, Operations Directors, and Finance Directors, each accounting for less than 2% of respondents. This composition reflects a hierarchical organizational structure, in which the number of operational staff far exceeds that of leadership, indicating that company policies—particularly regarding incentives, motivation, and the work environment—will have a greater impact on the member group.

Based on length of employment

Based on length of service, the number of respondents with 3–4 years of service was higher than those with 1–2 years or 5–6 years of service, with 21 respondents (20.6%) having 1–2 years of service, 44 respondents (43.1%) having 3–4 years of service, and 37 respondents (39.3%) having 5–6 years of service.

The majority of respondents have worked for 6–10 years. The high proportion of medium-length employment periods indicates good employee loyalty, but it also has the potential to lead to work burnout if motivation is not maintained.

4.2. Outer Model Analysis

The outer model is used to describe the relationship between indicator blocks and their latent variables. There are five measurements to assess the outer model, namely Convergent Validity, Discriminant Validity, Average Variance Extracted (AVE), and Unidimensionality (Composite Reliability and Cronbach Alpha).

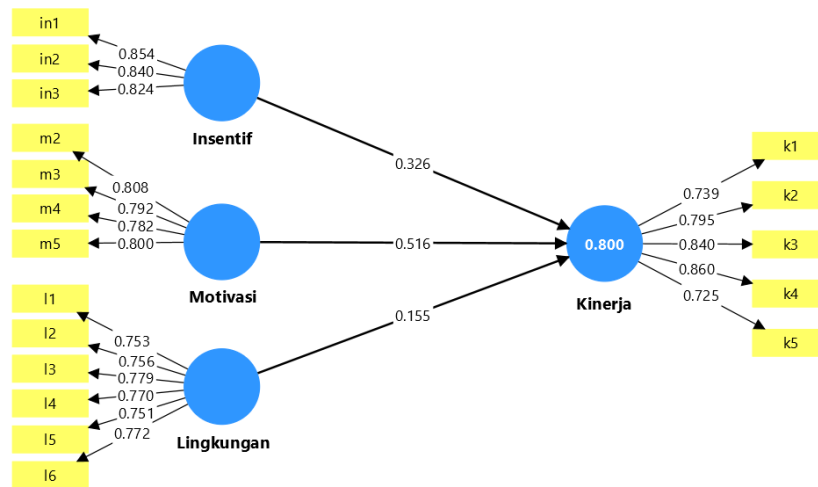


Figure 2. Path Coefficient Output (Outer Model)

Source: Data Processing Results from SmartPLS 4, 2025

Notes: Insentif = Incentive, Motivasi = Motivation, Lingkungan = Environment, Kinerja = Performance

Convergent Validity

The measure of convergent validity is said to be high if it correlates more than >0.7 with the desired construct being measured ([Sarstedt et al., 2022](#)).

Based on the results of the outer loadings test, all outer loadings are in the range of >0.7 to >0.8 , which is considered valid.

Table 2. Outer Loadings Test Results

	Incentives	Performance	Environment	Motivation	Statement
in1	0.854				Valid
in2	0.840				Valid
in3	0.824				Valid
k1		0.739			Valid
k2		0.795			Valid
k3		0.840			Valid
k4		0.860			Valid
k5		0.725			Valid
l1			0.753		Valid
l2			0.756		Valid
l3			0.779		Valid
l4			0.770		Valid
l5			0.751		Valid
l6			0.772		Valid

	Incentives	Performance	Environment	Motivation	Statement
m2				0.808	Valid
m3				0.792	Valid
m4				0.782	Valid
m5				0.800	Valid

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

Discriminant Validity

In Table 4.7 of the cross-loadings test results, all indicators have a higher loading value on their original construct compared to loading on other constructs. This indicates that each indicator measures the intended construct specifically and does not overlap with other constructs. Thus, it can be concluded that discriminant validity is met through the cross loading method.

Table 3. Cross-loadings Test Result

	Incentives	Performance	Environment	Motivation	Statement
in1	0.854	0.675	0.480	0.592	Valid
in2	0.840	0.578	0.330	0.562	Valid
in3	0.824	0.656	0.485	0.573	Valid
k1	0.519	0.739	0.564	0.661	Valid
k2	0.624	0.795	0.595	0.711	Valid
k3	0.614	0.840	0.565	0.654	Valid
k4	0.684	0.860	0.559	0.718	Valid
k5	0.568	0.725	0.539	0.647	Valid
l1	0.401	0.532	0.753	0.551	Valid
l2	0.426	0.562	0.756	0.608	Valid
l3	0.370	0.543	0.779	0.576	Valid
l4	0.287	0.504	0.770	0.549	Valid
l5	0.433	0.537	0.751	0.551	Valid
l6	0.454	0.573	0.772	0.591	Valid
m2	0.603	0.680	0.615	0.808	Valid
m3	0.571	0.703	0.609	0.792	Valid
m4	0.488	0.679	0.569	0.782	Valid
m5	0.520	0.660	0.587	0.800	Valid

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

Average Variance Extracted (AVE)

An AVE of at least 0.5 indicates good convergent validity. This means that the latent variable can explain, on average, more than half of the variance of its indicators. The AVE value is obtained from the sum of the squares of the loading factor divided by the error ([Sarstedt et al., 2022](#)).

Based on the average variance extracted (AVE) test results presented in Table 4.8, all variables show a value of > 0.5 .

Table 4. Average Variance Extracted (AVE) Test Result

	Average Variance Extracted (AVE)	Statement
Incentives	0.705	Valid
Performance	0.630	Valid
Environment	0.583	Valid
Motivation	0.633	Valid

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

Unidimensionality

Composite reliability values > 0.8 indicate high reliability.

Based on the results of the construct reliability & validity test, the construct shows that all data > 0.8 or the data is reliable. This shows that all constructs have high internal consistency in measuring their respective variables. Thus, it can be concluded that all data used in this study are reliable ([Sarstedt et al., 2022](#)).

Cronbach's Alpha is a reliability coefficient that assesses internal consistency. The expected value is > 0.7 for all constructs.

Based on the results of the construct reliability & validity test, all constructs in this study have Cronbach's alpha values above 0.7, indicating that they meet the criteria for good internal reliability. This indicates that all indicators used in the study have high consistency and stability in measuring the intended variables. Thus, it can be concluded that the data in this study have proven reliable ([Sarstedt et al., 2022](#)).

Table 5. Construct Reliability & Validity Test Result

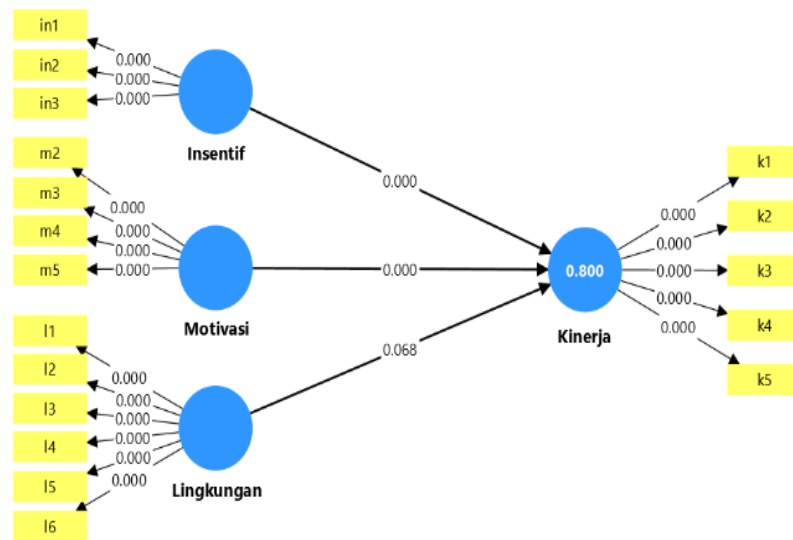
	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)	Statement
Incentives	0.791	0.794	0.877	0.705	Reliable
Performance	0.851	0.855	0.894	0.630	Very Reliable
Environment	0.857	0.858	0.894	0.583	Very Reliable
Motivation	0.806	0.807	0.873	0.633	Reliable

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

4.3. Inner Model Analysis

The inner model is used to test relationships among latent variables in a study. There are four measures used to assess the inner model: R-squared, Path Coefficients, and F-squared.

Figure 3. Output T-Statistic (Inner Model)



Source: SmartPLS4 Processed Data (Bootstrapping), 2025

Notes: Insentif = Incentive, Motivasi = Motivation, Lingkungan = Environment, Kinerja = Performance

R-square

R-square on endogenous constructs. The r-square value is the coefficient of determination on endogenous constructs. In assessing the model in PLS, it starts by looking at the r-square for each dependent latent variable. The r-square value is 0.75 (strong), 0.50 (moderate), and 0.25 (weak).

Based on the test results, the R2 value for the Performance construct is 0.8 and the adjusted R2 is >0.7, which is included in the strong category. This shows that the structural model built is able to explain variations in performance variables significantly and convincingly.

Table 6. R-square Test Result

	R-square	R-square adjusted	Statement
Performance	0.800	0.794	Powerful

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

F-square

Based on the results of the F-square test, the motivation variable has a large influence with a value of 0.425 on the performance variable. The incentive variable shows a moderate effect on performance ($\beta = 0.282$), whereas the environmental variable has a small effect ($\beta = 0.053$). This shows that motivation is the most dominant factor in influencing performance, followed by incentives, while the environment has a smaller contribution in the structural model tested.

Table 7. F-square Test Result

	Incentives	Performance	Environment	Motivation	Statement
Incentives		0.282			Moderate
Performance					
Environment		0.053			Small
Motivation		0.425			Large

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

Path Coefficients

Path coefficients are the value of the path coefficient or the influence relationship of the item construct. Performed with the Bootstrapping procedure.

Table 8. Path Coefficients Test Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Statement
Incentives -> Performance	0.326	0.325	0.069	4.765	0.000	Significant
Environment -> Performance	0.155	0.162	0.085	1.824	0.068	Not Significant
Motivation -> Performance	0.516	0.512	0.109	4.727	0.000	Significant

Source: SmartPLS4 (PLS-SEM) Processed Data, 2025

4.4. Discussion

The Effect of Incentives on Employee Performance

Based on the analysis in this study, we will discuss the results of the hypothesis and explain the first formulation, namely “H1: the effect of incentives on employee performance.” The results of the analysis show a P-value <0.05 , indicating that the research model is significant and supports the conclusion that incentives have a significant effect on employee performance. This is evident from the path coefficient of 0.326.

This finding indicates that the higher the incentives provided by the company, the higher the employees' performance. Conversely, low incentives may reduce performance. This is consistent with Vroom's Expectancy Theory, which posits that employees increase their work effort when they expect that good work results will be followed by adequate rewards.

The results of this study are consistent with Hefni (2022), which shows that incentives have a significant effect on employee performance. Additionally, research by [Yusup & Adhafiya \(2025\)](#) at Bina Sehat University in Mojokerto concluded that incentives given to employees can increase work motivation and directly impact their performance. Meanwhile, [Putri, 2025](#) found that incentives have a significant negative effect on performance, indicating that the effectiveness of incentives also depends on their form and employees' perceptions of them.

The Effect of Work Motivation on Employee Performance

Based on the analysis in this study, we will discuss the results of the hypothesis and explain the second formulation, namely “H2: the effect of work motivation on employee performance.” The results of the analysis show a P-value <0.05 , indicating that the research model is significant and supports the relationship between work motivation and employee performance. This is evident from the path coefficient of 0.516.

This finding indicates that higher employee work motivation is associated with higher performance. Conversely, low work motivation tends to reduce performance. This result aligns with Vroom's Expectancy Theory, which states that an individual will be motivated to work better if they believe that their efforts will result in good performance (expectancy), that good performance will lead to desired rewards (instrumentality), and that those rewards hold significant value for them (valence). In this study, employee work motivation increases when employees believe their efforts will yield satisfying results and be valued by the company.

This finding aligns with research by ([Hefni, 2022](#)), which demonstrates a positive relationship between work motivation and performance. Recent research by ([Putri, 2025](#)), also supports this, showing that work motivation has a significant positive effect on employee performance (t-value = 5.294 > t-table). Additionally, a literature review by ([Mayki et al., 2024](#)) also indicates that motivation is a key variable influencing employee performance across various organizations.

The Effect of Work Environment on Employee Performance

Based on the analysis in this study, we will discuss the results of the hypothesis and explain the third formulation, namely “H3: the influence of the work environment on employee performance.” The results of the previously conducted analysis indicate a P-value >0.05 , indicating that the research model does not show a significant association between the work environment and employee performance. This is evident from the path coefficient of 0.155.

This finding indicates that although a comfortable and adequate work environment can support employee activities, this factor is not always the primary driver of performance improvement at PT. Telang Agro Mandiri. In this company, employees are more influenced by factors such as incentives and work motivation, consistent with Vroom's Expectancy Theory, which emphasizes that performance is shaped by perceptions of rewards and expected outcomes.

These results align with previous research by ([Hefni, 2022](#)), which found that the influence of the work environment on performance varies with organizational conditions. This finding is also supported by several recent studies. ([Sulastris, 2020](#)) In her study at UIN Sunan Gunung Djati Bandung, she stated that the work environment does not significantly influence employee performance, with a significance value of $p = 0.372 (>0.05)$. ([Muchlis & Rismayanti, 2024](#)), found that the work environment does not significantly affect employee performance through work motivation at the Palopo City Education Office. ([Nisa & Nurwahyudi, 2021](#)), also showed similar results for employees of the Yogyakarta City Transportation Office.

5. Conclusion

Based on the results of research and analysis that has been done, it can be concluded as follows:

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- 1) Incentives have a significant effect on employee performance. This means that the higher the financial and non-financial incentives, the higher the performance of employees at PT. Telang Agro Mandiri.
- 2) Work motivation also has a significant effect on employee performance. Employees who are intrinsically and extrinsically motivated tend to show more optimal and productive work performance.
- 3) The work environment does not have a significant impact on employee performance. These results indicate that, in the context of this company, employees are more influenced by incentive and work motivation factors than by work environment conditions. The work environment is not the primary factor that directly drives improvements in employee performance statistically.

Based on the conclusions that have been stated, the author provides the following suggestions:

- 1) Companies are advised to continue optimizing their incentive systems to make them fairer, more measurable, and directly linked to performance achievements. Targeted incentives will significantly boost employee morale and productivity.
- 2) Management also needs to strengthen employee motivation programs, whether through training, non-financial rewards, or more open and supportive communication. This is important given that work motivation has been proven to be a dominant internal factor in driving performance.
- 3) Although the work environment does not have a statistically significant impact on employee performance, companies are still advised to maintain safe, comfortable, and supportive working conditions. This aims to maintain stability and prevent potential issues that may arise from physical or social discomfort in the long term.
- 4) For future research, it is recommended to add other variables such as work productivity to provide a more comprehensive understanding of the factors influencing employee performance.

This research provides practical implications for human resource management in companies. The results show that strengthening the incentive system and developing work motivation are effective strategic steps to improve employee performance. By managing these two aspects appropriately, companies can create a competitive and results-oriented work environment, which in turn will have a positive impact on organizational productivity and efficiency.

This study has several limitations. First, the research object is limited to one company, namely PT Telang Agro Mandiri, so generalization of the results to other companies still needs to be done carefully. Second, the approach used is quantitative and does not explore qualitative aspects such as employees' deep perceptions or social dynamics in the workplace. Third, the independent variables in this study only include incentives, work motivation, and work environment, so other factors that can also affect performance are not analyzed. Therefore, further research with a mixed methods approach and a wider scope of objects is highly recommended.

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