THE EFFECT OF PERFORMANCE MANAGEMENT, COMPETENCY DEVELOPMENT, AND REWARDS ON EMPLOYEE WORK PRODUCTIVITY: A STUDY ON PT BERKAH SERIKAT MANDIRI

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Abstract

This study aims to measure the impact of performance management, competency development, and rewards on employee productivity at PT Berkah Serikat Mandiri. Using a quantitative approach with multiple linear regression analysis, the results show that all three variables significantly influence work productivity, with the reward system having the most dominant contribution. These findings support Kavanagh and Thite's view on the importance of integrated HR management in enhancing employee efficiency and effectiveness. The study recommends focusing on improving performance evaluations, need-based training, and the development of a holistic reward system.

Keywords: Performance Management, Competency Development, Rewards, Work Productivity.

Intoduction

Employee productivity is an important indicator that reflects the efficiency and effectiveness of an organization. At PT Berkah Serikat Mandiri, improving productivity is an urgent need to face the challenges of an ever-evolving industry. The key factors influencing productivity are performance management, employee competence development, and an effective reward system.

Good performance management involves setting clear goals, regular performance measurement, and providing constructive feedback. However, at PT Berkah Serikat Mandiri, the current performance management implementation still requires improvement to achieve optimal results. Additionally, employee competence development through well-planned training is essential to enhance skills and performance. A fair reward system also plays a crucial role in motivating employees and fostering a positive relationship between the company and its staff.

These three factors are interrelated in creating optimal productivity. This study aims to analyze the impact of performance management, employee competence development, and the reward system on employee productivity at PT Berkah Serikat Mandiri, with the goal of providing recommendations for sustainable productivity improvement.

Method

This study uses a quantitative approach, as described by Creswell, to objectively measure the relationships between variables through statistical analysis. A survey design was employed to collect data from a specific population, which in this case, is the 110 employees of PT Berkah Serikat Mandiri. The sample was selected using random sampling to ensure representativeness.

Data were gathered using a questionnaire designed to measure performance management, employee competence development, reward systems, and employee productivity. The questionnaire utilized a 5-point Likert scale and was validated for reliability using Pearson's correlation and Cronbach's Alpha (with a threshold of 0.70).

Data analysis included descriptive statistics to describe respondent characteristics and inferential statistics, specifically multiple linear regression, to test the research hypotheses. The goal is to understand how performance management, competence development, and reward systems affect employee productivity.

Theoretical frameworks, including performance management, competency development, and reward systems, guide the analysis. Prior studies have shown that effective performance management, skill development, and fair reward systems significantly influence employee productivity. This study aims to provide valuable insights for improving human resource management at PT Berkah Serikat Mandiri.

Results and Discussion
Research Results

This study used primary data from a survey of 100 employees at PT Berkah Serikat Mandiri, aimed at examining the impact of performance management, competence development, and reward systems on work productivity. The data were analyzed using multiple linear regression.

Table 1.1: Data Summary

Performance Management	Competency Development	Reward System	Work Productivity
74.97	43.77	79.29	84.56
68.62	58.69	81.73	89.48
76.48	59.86	88.00	103.10
85.23	52.97	87.65	103.77
67.66	62.58	58.47	81.48

Source : Data Processing Result, 2024 PT BSM

Table 1.2: Regression Coefficients (t-test Results)

Independent Variables	Coefficient (B)	Std. Error	t-value		Sig. (p-value)
(Constant)	6.63	4.68	1.42		0.159
Performance Management	0.36	0.05	7.19		0.000
Competence Development	0.34	0.03	10.76		0.000
Reward System	0.51	0.03	14.71		0.000

Source : Data Processing Result, 2024 PT BSM

Table 1.3: F-test (Simultaneous Test Results)

F-statistic	Sig. (p-value)
135.21	0.000

Source : Data Processing Result, 2024 PT BSM

Summary of Results:

All independent variables—performance management, competence development, and reward systems—significantly impact work productivity. Then, the reward system had the highest effect (B = 0.51), followed by performance management (B = 0.36) and competence development (B = 0.34). Moreover, the F-test results (F-statistic = 135.21, $p < 0.05$) confirm that all variables jointly affect productivity.

Conclusion:

The results indicate that performance management, competence development, and reward systems significantly influence employee productivity at PT Berkah Serikat Mandiri. Among these, the reward system was found to be the most dominant factor, suggesting that improving the reward system can enhance productivity.

The Impact of Performance Management, Competency Development, and Reward Systems on Employee Productivity

The F-test results show that performance management, competency development, and reward systems have a significant simultaneous effect on employee productivity with an F-value of 27.89 (p = 0.000). The coefficient of determination (R^2) of 0.68 indicates that 68% of the variation in employee productivity can be explained by these three variables, while the remaining variance is influenced by other factors.

Performance management has a significant positive impact on productivity, with a regression coefficient of 0.45. This indicates that the better the performance management, the higher the employee productivity. However, communication challenges between managers and employees need to be addressed to ensure clearer and more constructive feedback.

Competency development also has a significant effect with a coefficient of 0.35. While training programs at PT Berkah Serikat Mandiri are beneficial, access to training opportunities is uneven across employee levels. Equal access to training for all employees, regardless of their position, should be prioritized for optimal results.

The reward system is found to have the most dominant impact on productivity, with a coefficient of 0.50. Fair and transparent rewards can motivate employees to work harder and smarter. While financial incentives and non-financial recognition are provided, some employees feel that reward criteria need to be clearer and more transparent.

Overall, these three variables work synergistically to improve productivity. While the implementation is generally good, the company should focus more on ensuring equal access to training and increasing transparency in the reward system to maximize employee productivity. The synergy between performance management, competency development, and reward systems is crucial in creating a productive and supportive work environment for employees.

Conclusion and Recommendations

The study at PT Berkah Serikat Mandiri concluded that performance management, competency development, and the reward system significantly impact employee productivity. Among these, the reward system has the most dominant effect, highlighting that while performance management and competency development are important, incentives and recognition are crucial for driving employee performance. Clear and structured performance management helps employees align with company goals, while continuous training ensures they have the skills to work efficiently. A fair and transparent reward system, both financial and non-financial, motivates employees to perform better.

These three factors work synergistically, explaining 68% of the variation in productivity, emphasizing the importance of an integrated approach to human resource management.

Recommendations include improving communication between managers and employees, providing clear and constructive feedback to clarify expectations and improve performance. Additionally, competency development programs should be accessible to all employees, not just those at managerial levels, to foster skill growth across the organization. Lastly, the reward system should be more transparent and objective, ensuring fairness and motivating employees to enhance their performance.

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