

Does Reward System Effect Employee Job Satisfaction: Evidence from Public Sector

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Abstract

Job satisfaction is one of the most important issues for employees. High job satisfaction will make employees have higher work productivity. This Research examines the reward system as an antecedent variable that affects employee job satisfaction. The research was conducted with a quantitative approach. The research was conducted with agricultural extension workers in Labuhanbatu District. The sample in this study were agricultural extension workers at the Labuhanbatu District Agriculture Office. Until the research as many as 38 respondents. The data analysis technique was carried out by SEM Smart PLS. The results of the study show that it is proven that the reward system can have an influence on increasing employee job satisfaction at work.

Keywords: Reward System, Job Satisfaction

1. Introduction

The problem of employee job satisfaction is a very important topic for employees. Employee job satisfaction is a feeling positive perceived by employees on the job, salary, promotion system and others. Hindarti & Wayyudi, (2015) Employee factors are the most important element in management or organization, and organizations must have efforts to increase employee job satisfaction, because job satisfaction is very important and is the key to organizational success in achieving goals. Satisfied employees not only increase productivity, but also improve the quality of work, resulting in superior performance that leads to organizational success.

This research was conducted at the Labuhanbatu District Agriculture Office with agricultural extension participants working at the Labuhanbatu District Agriculture Service. An agricultural extension officer certainly expects an award for their achievements in work. A fair reward system will affect the level of job satisfaction of agricultural extension workers at the Labuhanbatu District Agriculture Service. Employees who do not get rewards as they should have an impact on employee dissatisfaction at work. Such a situation must be anticipated as soon as possible because if an employee is dissatisfied, the employee will be less enthusiastic, lazy, slow and can even make a lot of mistakes and other negative things such as absenteeism, being late for work and others. (Siagian et al., 2021). The same thing was conveyed by Lubis, (2020) that one of the problems that often occurs at work is the problem of employee job satisfaction, especially due to the lack of appreciation for employees who have good performance at work. Employees often complain that there is no reward given by the leadership or the organization where they work.

Previous research has proven that there is an influence between reward systems on job satisfaction (Widyastiara & Silvianita, 2020; Sarwar & Abugre, 2013). Contrary to the findings of research conducted by Hindarti & Wayyudi, (2015) found that there is no effect between the reward system on job satisfaction. To encourage employee performance to be better, it is necessary to motivate employees, and one form of motivation is to provide adequate rewards (Akafo & Boateng,

2015). The purpose of this study was to determine the effect of the reward system on the job satisfaction of agricultural extension workers at the Agriculture Service Office of Labuhanbatu Regency, North Sumatra, Indonesia.

2. Literature Reviews

Rewards, remuneration, or rewards in Human Resources practice constitute compensation, having a very important role in maintaining employee job satisfaction(Hindarti & Wayyudi, 2015). Reward systems that are directed at meeting individual needs can support increased organizational effectiveness. Approaches to increasing satisfaction can help build work motivation, a more effective work system so as to ensure an award has important value in carrying out tasks effectively(Siagian et al., 2021).Rewards given by the organization are rewards or awards as a form of appreciation for the work of employees. Awards can be used by companies as a tool to motivate or encourage employees to work well in their roles and even exceed the performance targets set by the company.(Umayya, 2015).

Job satisfaction can be interpreted as a pleasant or unpleasant emotional state or perception of employees for their work. Job satisfaction reflects a person's feelings towards his work. This can be seen in the positive attitude of employees towards work and everything that is encountered in the work environment. The personnel department or management must always monitor, because this affects absenteeism, labor turnover, job satisfaction, and other important issues.(Siagian et al., 2021). Job satisfaction is a feeling that supports the employee in relation to his work and his condition(Umayya, 2015).

3. Method

This study examines the effect of the reward system on the job satisfaction of agricultural extension workers at the Agriculture Service Office of Labuhanbatu District. The research was conducted with a quantitative approach. The population in this study were all agricultural extension workers at the Labuhanbatu District Agriculture Office, namely 38 people. The sampling technique was carried out using a total sampling technique, meaning that all populations were sampled in this study. Data analysis techniques were performed using Structural Equation Modeling using SMAR PLS.

4. Results and discussion

4.1 Results

4.1. 1Outer Loading

Outer loading is done to find out whether the indicators on each research variable are able to measure the variable to be studied.An indicator is said to be valid if it has a value greater than 0.70, while a loading factor value <0.70 is declared invalid and removed from the research model. Based on Table 1 below, it can be seen that all indicators have a value > 0.70. Thus it can be stated that the indicators in the study are valid in measuring the variables of job satisfaction and reward systems.

Table 1. Outer Loading

	Job Satisfaction_	Reward System
JS1	0.747	
JS2	0.787	
JS3	0.841	
JS4	0.836	
JS5	0.868	
JS6	0.736	
RS1		0.740
RS2		0.710
RS3		0.778
RS4		0.741
RS5		0.817
RS6		0.804
RS7		0.719

4.1.2 Construct Reliability

Construct reliability can be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. Composite reliability is expected > 0.70 and $AVE > 0.50$. Table 2 shows that the composite reliability value is > 0.70 and the AVE value is > 0.50 . Thus it can be explained that the variables in this study have good reliability.

Table 2. Construct Reliability

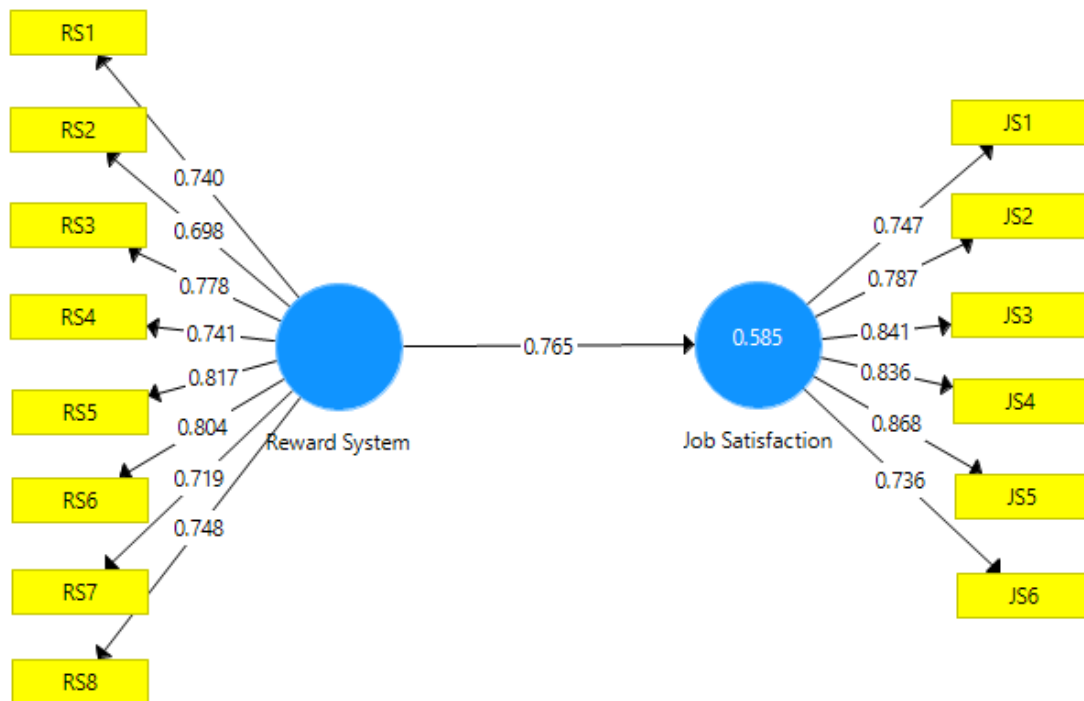
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Job Satisfaction_	0.890	0.895	0.916	0.646
Reward System	0.893	0.900	0.914	0.572

4.1.4 Hypothesis Testing

Hypothesis testing is seen in the output result for inner weight. To find out the results of hypothesis testing by comparing t-statistics or t-counts that have been determined. t-count > 1.65 for a standard error of 5% or a p-value below 0.05 (Hair et al. 2017).

Table 3. Hypothesis Testing

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Reward System -> Job Satisfaction_	0.765	0.791	0.071	10,746	0.000



4.2 Discussions

Job satisfaction is a very important issue for someone who is working both in private companies and in the public sector. A high level of job satisfaction can foster enthusiasm and increase employee work productivity. Many factors can increase employee job satisfaction, including by paying attention to the reward system policies in the organization. A reward system that is fair and in accordance with employee expectations will make employees feel satisfied at work. When employees are satisfied at work, these employees will work optimally as expected by the organization (Masharyono et al., 2021).

This research is related to testing the effect of the reward system on the job satisfaction of agricultural extension workers in Labuhabatu Regency. The results of the study prove that there is an influence between the reward system on job satisfaction. This can be seen from the significance value < 0.05 , and the t statistics value > 1.96 . This shows that there is a positive and significant influence between the reward system on job satisfaction. This means that every increase in the reward system, this will increase employee job satisfaction. Conversely, if the reward system is not running well, this can lead to a decrease in employee job satisfaction.

The findings of this study are in line with research conducted by (Masilawati et al., 2020) in Prabumulih City Vocational School teachers, it shows that there is an influence between the reward system and job satisfaction. The same findings were also found by Salsabila & Ekawaty, (2021) in his research concluded that there is an influence between the reward system on job satisfaction. Hindarti & Wayyudi, (2015) also said that in order to achieve organizational goals, the organization must have good employees, therefore the company must be able to foster employee job satisfaction at work.

5. Conclusion

The reward system has a very important role in increasing the job satisfaction of agricultural extension workers at the Agriculture Office of Labuhanbatu Regency. The results showed that there was a positive and significant influence between the reward system on the job satisfaction of agricultural extension workers at the Agriculture Service Office of Labuhanbatu Regency. This means that the reward system is one of the factors that must be considered in order to increase employee job satisfaction. A decent and fair reward system will increase the level of job satisfaction of employees at work.

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