



**THE INFLUENCE OF INCENTIVE PROGRAM ON EMPLOYEE JOB
SATISFACTION: THE ROLE OF ORGANIZATIONAL COMMITMENT AS
A MEDIATION VARIABLE IN PT. STARION WOON**

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Abstract

This study aims to evaluate the impact of incentive programs on employee job satisfaction, with organizational commitment as a mediating variable at PT. Starion Woon, a manufacturing company producing electronic and automotive components. A quantitative approach was used through a survey method. Data were collected via questionnaires from 122 respondents in the Quality Control department and analyzed using PLS-SEM with SmartPLS 4.0. The results show that incentive programs significantly affect job satisfaction ($\beta = 0.375$; $t = 3.664$; $p < 0.001$). Organizational commitment mediates this relationship ($\beta = 0.294$; $t = 4.123$; $p < 0.001$). R^2 for job satisfaction is 0.584, indicating moderate explanatory power. These findings suggest that companies should not only focus on financial incentives but also consider non-financial aspects such as recognition, career development opportunities, and overall employee well-being. Building a strong organizational culture is also essential to strengthen commitment and maximize the effectiveness of incentive programs. Thus, PT. Starion Woon and other companies in the manufacturing sector are encouraged to design more comprehensive incentive policies to improve employee satisfaction and loyalty, ultimately supporting business sustainability and competitiveness.

Keywords: Incentives, Job Satisfaction, Organizational Commitment, Mediation, PLS-SEM, PT. Starion Woon



INTRODUCTION

In an increasingly competitive business era, PT. Starion Woonin has implemented an incentive program as a strategy to enhance employee job satisfaction. This incentive program can consist of bonuses, awards, allowances, or other forms of recognition designed to encourage job satisfaction. However, the results of implementing this incentive program vary. Some employees report that the incentives offered are not sufficient to drive their job satisfaction (Heriyanti et al., 2024). This indicates that the influence of incentive programs on employee job satisfaction is not direct and can be affected by other factors, such as organizational commitment. Employees who have a high commitment to the organization tend to value incentive programs more and feel more satisfied with their work (Jahroni et al., 2021). However, research that specifically explores this relationship in the context of PT. Starion Woonin is still limited, raising questions about how organizational commitment can mediate the relationship between incentive programs and job satisfaction (Wazirman et al., 2022) shows the provision of incentives and job satisfaction has a positive and significant effect on organizational commitment. Organizational commitment plays an important role as a mediating variable that can strengthen the relationship between incentive programs and employee job satisfaction (Bimanti Esthi, 2022).

Incentives are allowances given in the form of money or other facilities to employees with the aim of enabling them to perform their duties well and diligently (R. Esthi et al., 2023). Incentive programs are one of the strategies used by companies to increase employee job satisfaction. The ultimate goal of providing incentives is to see how someone can perform their duties well in accordance with expectations, and incentives can be classified into several



categories, namely, material incentives in the form of money, bonuses, commissions, social security, housing, vehicles, leave, and awards (Yani & Sari, 2024). Incentives are one of the factors that influence employee job satisfaction.

Furthermore, the research conducted by (Alkandi et al., 2023) states that there is a significant relationship between the incentive program and job satisfaction. The provision of incentives also aims to meet the needs of employees and their families (R. B. Esthi et al., 2023). In other words, the provision of incentives is one way for companies to enhance employee job satisfaction so that they are more enthusiastic and productive in their work. Incentives have proven to increase employee effectiveness and strengthen job satisfaction. A well-designed incentive program gives employees a sense of recognition and can significantly improve the level of job satisfaction (Efendi, 2021).

Employee job satisfaction is determined by various factors, including the provision of incentives. Research by (Akilah & Rahman, 2020) states that when employees are not provided with sufficient incentives and comfort in their work, their job satisfaction decreases, absenteeism and tardiness increase, and they become less willing to cooperate or make important changes. Job satisfaction is a factor that is perceived by each employee personally, reflecting their level of satisfaction or dissatisfaction in completing tasks. Employees who feel satisfied with their work tend to perform better, while dissatisfaction can reduce their performance. In other words, job satisfaction reflects an individual's attitude towards their work, which ultimately affects their outcomes and work quality (Suryani, 2022).

Research conducted by (Juliana et al., 2020) states that job satisfaction itself is an important factor that affects the effectiveness and performance of



employees. In this case, it acts as a mediating variable that can strengthen the relationship between incentive programs and job satisfaction. Well-designed incentive programs can enhance job satisfaction (Irawan et al., 2023). A sample of employees from the manufacturing industry shows that the existence of incentive programs such as bonuses is positively related to higher job satisfaction levels (Fitriannisa & Suryalena, 2024). This means that incentive programs not only have a direct impact on job satisfaction but also through increased organizational commitment. Organizational commitment is the level of attachment and loyalty employees have to the organization or company they work for.

This commitment reflects the extent to which employees are engaged, loyal, and willing to work hard for the success and goals of the organization. According to (Hidayah et al., 2024) It states that employee organizational commitment is a condition experienced by employees that encourages the creation of strong positive behavior towards the organization they work for. Employees who are committed to an organization have a strong desire to remain members of that organization, and they are willing to do their utmost in their work to sustain the organization (Tampubolon & Sagala, 2020).

Organizational commitment reflects the level of employee attachment and loyalty to the organization (Darmawan, 2021). Employees with high commitment tend to value incentives more, thus increasing job satisfaction. However, studies focusing specifically on this mediating relationship at PT. Starion Woon are limited (Wazirman et al., 2022).

When employees receive bonuses through incentive programs, their commitment to the company increases, which ultimately enhances job satisfaction according to (Citrawati & Khuzaini, 2021). Employee job satisfaction and



organizational commitment are two concepts that are closely related to the success of the organization. Research according to (Luh & Putu, 2021) Manufacturing companies found that organizational commitment partially mediates job satisfaction. Furthermore, research by (Ekhsan et al., 2022) It is stated that employees who are more satisfied with their jobs tend to have a stronger sense of commitment to their organization. Organizations need dedicated employees to compete because organizational commitment is a psychological state that binds employees to the organization.

PT Starion Woon is a manufacturing company engaged in the production of electronic and automotive components, such as car spare parts and household appliances like air conditioners and refrigerators. Operating on an international scale, the company utilizes high-precision technology to produce high-quality products. However, a major challenge lies in human resource management, particularly in maintaining job satisfaction through incentive programs. There are ongoing issues related to both job satisfaction and the incentive programs covering both financial and non-financial rewards that are intended to enhance employee satisfaction.

The job satisfaction issues include a lack of career support and the absence of a clear career path, which creates confusion and uncertainty among employees about their future within the organization. To address these problems, the company needs to design a well-structured incentive program that aligns with employee needs. Such improvements are expected to enhance overall job satisfaction, ultimately supporting the company's growth and success.



LITERATURE REVIEW

Job satisfaction is seen as a form of emotional attitude that is either pleasant or unpleasant. Employees who are satisfied with their jobs reflect this in their emotions. Employee satisfaction means that employees love their jobs. Job satisfaction can be achieved at the workplace, outside of work, and through a combination of internal and external work (Saputra & Andani, 2021).

Factors that influence job satisfaction include several aspects (Meutia & Narpati, 2021), namely Incentive Type, Fairness in Incentive Distribution, Fairness in the Workplace, Influence on Organizational Commitment, and Career Development Opportunities. The indicators of employee job satisfaction include various aspects that can be measured to assess how satisfied employees are with their jobs, namely, Performance tends to improve, Life Satisfaction there is satisfaction in working, Physical and mental health, and Job Satisfaction (Meutia & Narpati, 2021).

Incentives are a form of monetary reward given to employees who are able to work beyond the established standards. The provision of incentives aims to encourage a high work spirit, thus creating a sense of satisfaction in carrying out tasks. According to (Zaputri et al., 2019), it shows that incentives are additional income provided beyond the salary or base wage as a reward for employee performance that exceeds the established standards.

Factors that influence incentives according to (Rangkuti et al., 2019) is a target that is set clearly and communicated well, realistic communication for success, knowledge about the value created when achieving the target, and an idea of the value achievements that the company wants to share with employees. The indicators of the incentive program include various measurable aspects to



assess how satisfied employees are with their work (Rini, 2023) is Performance, Work Duration, Needs, and Fairness and Feasibility.

Organizational commitment is an important construct that has been maintained over the years. This commitment reflects the extent to which employees are engaged, loyal, and willing to work hard for the success and goals of the organization. The relationship between incentive programs and organizational commitment has been researched by (Wazirman et al., 2022). Organizational commitment plays an important role as a mediating variable that can strengthen the relationship between incentive programs and employee job satisfaction. According to research (Luh & Putu, 2021), Manufacturing companies find that organizational commitment partially mediates job satisfaction.

Factors influencing organizational commitment (Maulidiyah et al., 2024) include affective commitment, continuance commitment, and normative commitment. Indicators of organizational commitment encompass various aspects that can be measured to assess how satisfied employees are with their jobs (Trimurni & Ie, 2021), namely discipline, attendance, cooperation, and satisfaction.

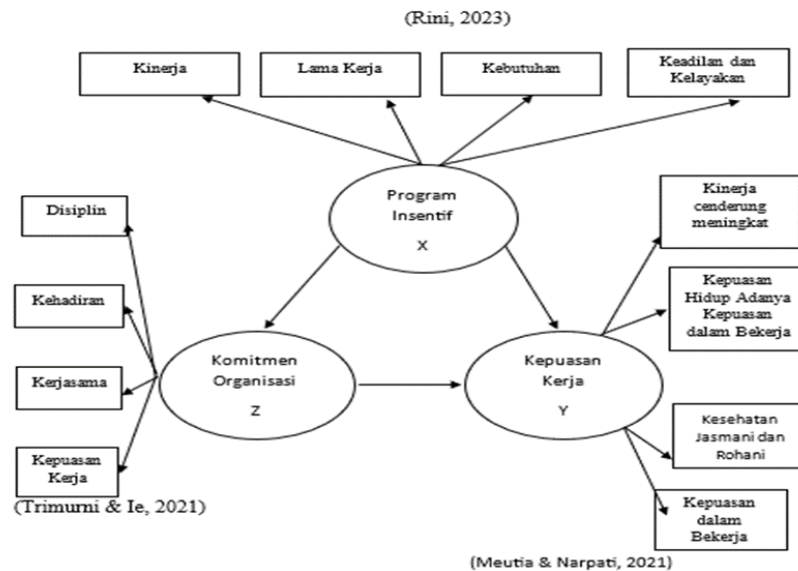
RESEARCH METHOD

This research uses a quantitative approach, involving statistical data analysis. The population consists of 175 employees in the Quality Control department at PT. Starion Woon. Using Slovin's formula, the sample size was determined to be 122 respondents. Data were collected via questionnaires using a Likert scale (1–5). The data analysis was conducted using Structural Equation

Modeling Partial Least Squares (SEM-PLS) with SmartPLS 4.0. The analysis process includes (Ghozali, 2021).

All questions and variables in the model relate to incentive programs (X), organizational commitment (Z), and job satisfaction (Y). There are no variables such as "co-creation" or "customer journey" involved.

**Figure 1
Research Design**



Source: processed data, 2025

RESULTS AND DISCUSSION

Validity Test

Indicators in a study can be deemed valid if they have an outer loading value above 0.7 for each of their instruments, but an outer loading value of 0.6 is still considered acceptable, and values below 0.5 can be eliminated.

**Table 1
Outer Loading**

Research Variables	Outer Loading	Validity
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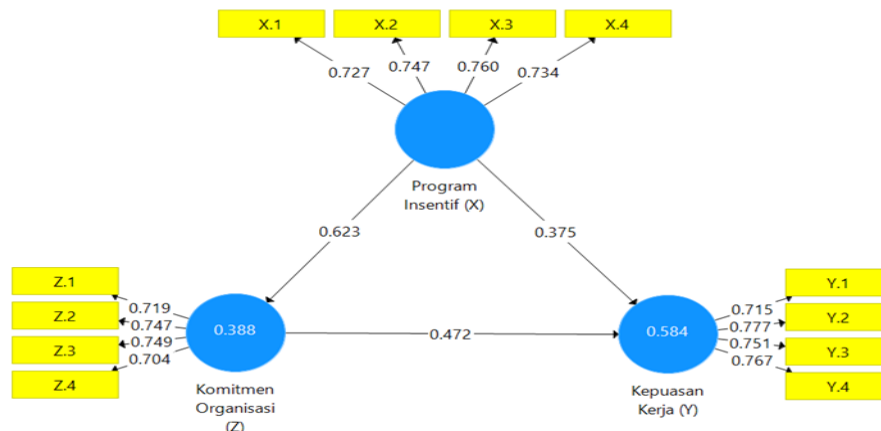
Adirama & Esthi

Incentive Program (X)		
PI 1	0.727	VALID
PI 2	0.747	
PI 3	0.760	
PI 4	0.734	
Job Satisfaction (Y)		
KK 1	0.751	VALID
KK 2	0.777	
KK 3	0.751	
KK 4	0.767	
Organizational Commitment (Z)		
KO 1	0.719	VALID
KO 2	0.747	
KO 3	0.749	
KO 4	0.704	

Source: Output SmartPLS 4.0, processed primary data (2025)

Based on the data in the Table above, it shows that the statement items in the research questionnaire are valid. This is evidenced by the outer loading values > 0.5; thus, this questionnaire can proceed to the next processing stage. Below is the outer loading diagram of the research.

**Figure 2
Outer Model**



Source: Output SmartPLS 4.0, processed primary data (2025)

The Influence of Incentive Program ...



Average Variance Extracted is used to assess the discriminant validity for each construct and latent variable. The condition for passing is that the AVE value is greater than 0.5.

Table 2
Average Variance Extracted (AVE)

Research Variables	Average Variance Extracted Value
Incentive Program (X)	0.551
Job Satisfaction (Y)	0.567
Organizational Commitment (Z)	0.533

Source: Output SmartPLS 4.0, processed primary data (2025)

Reliability Test

Reliability is known through two methods, namely Composite Reliability and Cronbach's Alpha. A variable can be said to have good reliability if the Composite Reliability value is >0.7 and the Cronbach's Alpha value is >0.6.

Table 3
Composite Reliability

Research Variables	Composite Reliability	Information
Incentive Program (X)	0.831	Reliable
Job Satisfaction (Y)	0.839	Reliable
Organizational Commitment (Z)	0.820	Reliable

Source: Output SmartPLS 4.0, processed primary data (2025)

Cronbach's Alpha value is also useful for strengthening the reliability test. Here are the results of the Cronbach's Alpha calculation:

Table 4
Cronbach's Alpha

Research Variables	Cronbach's Alpha	Information
Incentive Program (X)	0.730	Reliable



Job Satisfaction (Y)	0.745	Reliable
Organizational Commitment (Z)	0.710	Reliable

Source: Output SmartPLS 4.0, processed primary data (2025)

The analysis of the inner model, also known as structural model testing, can be assessed through the R Square test. Here is the R Square value in this study:

Table 5
R-Square

Research Variables	R Square	R Square Adjusted
Organizational Commitment (Z)	0.388	0.383
Job Satisfaction (Y)	0.584	0.577

Source: Output SmartPLS 4.0, processed primary data (2025)

Hypothesis Testing

Hypothesis testing is conducted to analyze the influence of variables in this research, to answer the research questions. The analysis is performed using the bootstrapping method as shown in the Path Coefficient Table. The results of the Path Coefficient in this study are as follows:

Table 6
Path Coefficient

Variable Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics	P-Values
Incentive Program (X) → Job Satisfaction (Y)	0.375	0.362	0.102	3.664	0.000



Incentive Program (X) → Organizational Commitment (Z)	0.623	0.629	0.059	10.614	0.000
Organizational Commitment (Z) → Job Satisfaction (Y)	0.472	0.486	0.092	5.104	0.000

Source: Output SmartPLS 4.0, processed primary data (2025)

The mediation effect is carried out by analyzing the bootstrapping method presented in the table of specific indirect effects. The results of the specific indirect effects in this study are as follows. :

Table 7
Specific Indirect Effect

Variable Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics	P-Values
Incentive Program (X) → Organizational Commitment (Z) → Job Satisfaction (Y)	0.294	0.307	0.071	4.123	0.000

Source: Output SmartPLS 4.0, processed primary data (2025)

Based on the table above, the relationships between the research variables can be explained as follows:



The first hypothesis (Ha) states that the Incentive Program (X) affects Job Satisfaction (Y). The table shows a p-value of 0.000, which is less than 0.005, and a t-statistic of 3.664, which is greater than 1.96. Therefore, the result is considered statistically significant. This indicates that the Incentive Program (X) has a positive effect on Job Satisfaction (Y), and thus, the first hypothesis (Ha) is accepted.

The second hypothesis (Ha) states that the Incentive Program (X) affects Organizational Commitment (Z). The table indicates a p-value of 0.000, which is less than 0.005, and a t-statistic of 10.614, which is greater than 1.69. Hence, the result is statistically significant. This means that the Incentive Program positively influences Organizational Commitment (Z), and the second hypothesis (Ha) is accepted.

The third hypothesis (Ha) states that Organizational Commitment (Z) affects Job Satisfaction (Y). According to the table, the p-value is 0.000, which is less than 0.005, and the t-statistic is 5.104, which is greater than 1.96. Thus, the result is statistically significant. It can be concluded that Organizational Commitment (Z) has a positive effect on Job Satisfaction (Y), and the third hypothesis (Ha) is accepted.

The fourth hypothesis (Ha) states that Organizational Commitment mediates the relationship between the Incentive Program and Job Satisfaction. The table shows a p-value of 0.000, which is less than 0.005, and a t-statistic of 4.123, which is greater than 1.96, indicating a significant effect. Therefore, it can be concluded that the Incentive Program improves Job Satisfaction through Organizational Commitment, and the fourth hypothesis (Ha) is accepted.



The findings indicate that incentive programs significantly influence employee job satisfaction, both directly and indirectly through organizational commitment. This confirms the importance of not only providing financial benefits but also fostering a work environment that supports commitment and loyalty.

From a practical standpoint, PT. Starion Woon and similar companies should review and enhance their incentive structures to ensure alignment with employee expectations and organizational goals. This includes integrating career development opportunities, recognition mechanisms, and a clear communication system for incentive distribution.

Theoretically, this research contributes to the existing literature by confirming the mediating role of organizational commitment in the incentive–satisfaction relationship. It supports the social exchange theory, which emphasizes mutual obligations between employer and employee as a basis for workplace motivation.

However, the study has limitations. The sample is limited to employees in a single department and company, which may not represent other organizational settings. Additionally, the study does not account for other variables such as leadership style, organizational culture, or personal characteristics that might influence job satisfaction. Future research should consider expanding the scope and incorporating longitudinal data to observe changes over time.

CONCLUSION

This study concludes that incentive programs positively and significantly affect employee job satisfaction at PT. Starion Woon. Furthermore,



organizational commitment plays a significant mediating role in strengthening this relationship. Companies that implement comprehensive incentive systems covering both financial and non-financial rewards are more likely to foster higher levels of employee satisfaction and loyalty.

To enhance job satisfaction effectively, it is crucial for organizations to also invest in building strong organizational commitment through employee engagement initiatives, transparent communication, and supportive leadership. These efforts not only improve employee performance but also contribute to long-term organizational sustainability and competitive advantage.

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