THE INFLUENCE OF INCOME ON EMPLOYEE MOTIVATION

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Abstract

This comprehensive analysis explores the interplay between income, employee motivation, and compensation strategies, drawing insights from various studies in education and industry. The research, conducted using quantitative methods, uncovers a robust positive correlation between income and work motivation, highlighting the pivotal role of financial rewards in reinforcing desired work-related behaviors. Employing statistical analyses, the study quantifies the impact of income on motivation, providing empirical evidence of its significance. Nonetheless, it underscores the importance of adopting a holistic compensation approach that encompasses both extrinsic and intrinsic motivators. Organizations are advised to implement transparent and equitable compensation systems, offer performance-related incentives, and facilitate avenues for career growth. Moreover, cultivating a positive work environment characterized by open communication and recognition of employee contributions is emphasized as a key driver of job satisfaction and sustained motivation.

Keywords: *Income, Employee Motivation, Employee Performance*

INTRODUCTION

In the current dynamic business environment, understanding the factors that motivate employees is crucial for organizations aiming to enhance productivity and retain talent. Remuneration, encompassing salaries, benefits, bonuses, and incentives, has traditionally been regarded as a primary driver of employee motivation. However, existing literature suggests that the relationship between remuneration and employee motivation may be more intricate and warrants further investigation. The approach adopted in this study involves an in-depth literature review and quantitative analysis of data derived from previous journals, articles, and publications. This method allows for the collection of extensive secondary data and the application of statistical analysis to assess the relationship between remuneration variables and employee motivation. Quantitative analysis, utilizing descriptive statistics, correlation, and other inferential techniques, will enable the study to measure the strength and direction of the relationship between remuneration and employee motivation levels, as well as identify other factors that may influence this relationship (Yasa, I. N. 2022). The literature review conducted in this study aims to establish a theoretical foundation for the quantitative analysis by identifying relevant hypotheses and models from prior research. This will allow for the quantitative testing of these assumptions in different or broader contexts, thereby providing new empirical evidence on the impact of remuneration on employee motivation.

In addition to remuneration, this study will also consider other variables such as job satisfaction, organizational commitment, and career development opportunities, to assess how these factors interact with remuneration and contribute to employee motivation. This approach is expected to offer a more holistic understanding of the motivators for employees and how organizations can design more effective compensation strategies (Ali, B. J. 2021). Therefore, this background emphasizes the importance of quantitative analysis in understanding the influence of remuneration on employee motivation and highlights how this study, through extensive literature review and the use of quantitative methodologies, seeks to fill gaps in existing literature and provide new insights that can be applied in human resource management practices.

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LITERATURE REVIEW
Income

Income is a financial metric that reflects the total value or amount of money earned by individuals, groups, or entities from various activities or sources over a specific period. This includes salaries or wages received from employment, which are regular compensations for services provided to an employer. Additionally, income can be derived from business operations, where profits are obtained after deducting all related expenses. Investments also represent a significant source of income, with dividends, interest, and capital gains providing revenue streams based on financial assets or real estate. Passive income, such as rental earnings from properties or royalties from intellectual property rights, adds another layer, allowing individuals to earn money without ongoing active intervention. For those who are retired, pensions and annuities provide a crucial income source, often based on accumulated contributions during their working life. Moreover, various forms of social assistance or government subsidies can be an important income source for those who meet specific eligibility criteria. This income not only plays a role in meeting daily needs and maintaining a lifestyle but also in determining an individual's capacity to save, invest, and participate in the broader economy, impacting the socio-economic structure of society as a whole (Mishkin, F. S. 2019).

Motivation

Worker motivation encompasses both internal and external stimuli that propel individuals to achieve objectives and enhance performance in the workplace. Intrinsic factors such as satisfaction derived from the job itself, personal achievement, recognition, and opportunities for growth and personal development are often deemed powerful motivators because they directly correlate with an individual's psychological needs. Conversely, extrinsic factors like salary, incentives, benefits, working conditions, and corporate policies play a crucial role in motivating workers by providing external incentives for commendable performance. Acknowledgment of efforts and achievements, coupled with a supportive and conducive work environment, can foster commitment and loyalty, and encourage workers to contribute maximally to organizational goals (Ananda, T. A. 2024).

Performance

According to Budiyanto and Mochlas (2020), employee performance reflects achievements measured against specific criteria established for the type of work being conducted. This definition underscores that performance is not solely gauged by the volume or quantity of work completed but also by the quality and conformity of work outcomes to predetermined standards. It emphasizes the importance of establishing clear and objective standards in performance evaluation, ensuring that assessments of employee performance are conducted fairly and consistently. This understanding further implies that employee performance is not limited to end results alone but also encompasses the process of achieving these outcomes. Aspects such as efficiency, innovation, and adaptability to changing work environments become integral parts of performance appraisal. Therefore, the development of comprehensive performance evaluation criteria is crucial to capture all relevant dimensions of employee performance. Moreover, this approach acknowledges variations in job types and specific organizational needs, highlighting the necessity for customized performance criteria that reflect the uniqueness of each position and organizational objectives. Thus, performance appraisal becomes a valuable tool for management in identifying strengths, areas for improvement, and career development opportunities for employees (Budiyanto , E. 2020).

METHOD

To develop a research method focusing on quantitative data from a literature review, the first step involves conducting a search for relevant literature. This literature includes journal articles and scholarly publications that examine the influence of income on employee motivation. From the selected literature, quantitative data such as survey results, statistical analyses, and experimental findings are extracted, including variables like income levels, motivation indicators,

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and organizational context. Subsequently, this data is analyzed using statistical methods to determine patterns, relationships, and the impact of income on motivation. This analysis enables the research not only to measure the direct influence of income on motivation but also to identify moderation or mediation factors that may affect this relationship. By integrating findings from various sources and applying them to the existing theoretical framework, this research aims to provide deeper insights into the dynamics between income and employee motivation, as well as its contribution to effective human resource management practices.

Teori X and Y employee motivation

Teori X and Theory Y, proposed by Douglas McGregor, are two contrasting theories of human behavior and management in the workplace context. Theory X assumes that employees inherently dislike work and will avoid it if they can. According to this theory, employees need to be coerced, controlled, or threatened with punishment to achieve organizational goals. On the other hand, Theory Y posits that work is a natural process akin to play or leisure, and if the work environment is supportive, employees will seek responsibility and self-direct themselves to achieve their committed goals. Theory Y views employees as the most valuable assets of the company with the potential for growth. The primary sources for this theory can be found in McGregor's own works or in modern management literature that discusses classical management theories.

RESULTS AND DISCUSSION

The analysis presented here is based on a literature review that compares two different journals, both of which focus on quantitative methods. First, we examine the study titled "Pengaruh Pemberian Gaji terhadap Motivasi Kerja dan Profesionalisme Guru Honor." In this study, quantitative analysis is employed to investigate the relationship between salary provision and its impact on motivation and professionalism among teachers. The research conducted on teachers in SMP Kabupaten Ende utilizes quantitative analysis, specifically employing multiple regression analysis. This statistical approach systematically quantifies how variations in salary affect these two crucial aspects. The study's findings reveal a significant connection, indicating that salary accounts for approximately 10.56% of the variance in teacher motivation. This highlights the importance of providing adequate compensation as a motivating factor for educators. Similarly, the study demonstrates that professionalism is influenced by salary to the extent of 10.89%, underscoring the critical role of financial rewards in enhancing teachers' professional conduct and engagement. These insights emphasize the significance of considering financial incentives as a key component of educational policies aimed at improving teacher performance. Furthermore, it suggests that enhancing salary provisions can have a positive impact not only on teacher motivation but also on the overall quality of education, as motivated and professionally engaged teachers contribute to a better learning environment.

By employing multiple regression analysis, the study systematically quantifies how salary variations influence these aspects. The findings reveal a notable connection, where salary accounts for approximately 10.56% of the variance in teacher motivation, emphasizing the importance of adequate compensation. Similarly, professionalism is influenced by salary to the extent of 10.89%, underlining the critical role of financial rewards in enhancing the professional conduct and engagement of teachers. These insights underscore the significance of considering financial incentives as a key component in educational policies aimed at improving teacher performance and, by extension, the quality of education (Seto, S. 2020). The subsequent data is obtained from another journal titled "The Influence of Salary, Allowances, and Bonuses on Employee Motivation and Performance at PT. BPD Jawa Timur Jember." In this study, the validity of the measurement model is typically assessed through the relationship between the indicator values and the values of the main construct, measured by the loading factors. If the loading factor for each indicator exceeds 0.7, the indicator is considered valid. However, in the initial stages of research development, loading factor values exceeding 0.5 to 0.6 are considered sufficiently valid according to the criteria proposed.

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Tabel 2. *Convergent Validity* **Variabel Gaji**

Indikator	*Normalized Pattern Loading*	Keterangan
GAJI1	0.891	*Convergent Validity* Terpenuhi
GAJI2	0.912	*Convergent Validity* Terpenuhi
GAJI3	0.920	*Convergent Validity* Terpenuhi
GAJI4	0.908	*Convergent Validity* Terpenuhi
GAJI5	0.916	*Convergent Validity* Terpenuhi

Based on the presented table, it is evident that the table displays the loading factor values for five indicators of the salary variable in a research study. All indicators have loading factor values exceeding 0.5, which align with the criteria for convergent validity according to the methodology employed in this research. This signifies that each indicator is valid and statistically demonstrates a strong relationship with the salary construct being measured. In other words, each question or item used to measure salary is considered adequate in representing the overall concept of salary in the context of this research. This provides confidence in the reliability and validity of the measurement model used to assess the impact of salary, allowances, and bonuses on employee motivation and performance at PT. BPD Jawa Timur Jember.

Tabel 5. *Convergent Validity* **Variabel Motivasi Kerja**

Indikator	*Normalized Pattern Loading*	Keterangan
MO1	0.916	*Convergent Validity* Terpenuhi
MO2	0.911	*Convergent Validity* Terpenuhi
MO3	0.868	*Convergent Validity* Terpenuhi
MO4	0.900	*Convergent Validity* Terpenuhi
MO5	0.929	*Convergent Validity* Terpenuhi

Sumber: data diolah Warp PLS 5.0

The table you've presented covers the results of convergent validity analysis for the work motivation variable in a study using the WarpPLS 5.0 model. In this table, there are five work motivation indicators (MO1 to MO5) with normalized pattern loading values, all of which exceed the threshold of 0.5. This indicates that each indicator has a strong correlation with the construct they are measuring, which in this case is work motivation. Because the loading factor values for each indicator are above 0.5, it can be concluded that these indicators have adequate convergent validity. This means that each indicator effectively measures the same concept and is related to what is intended to be measured within the construct of work motivation.

Gambar 1. Model Penelitian
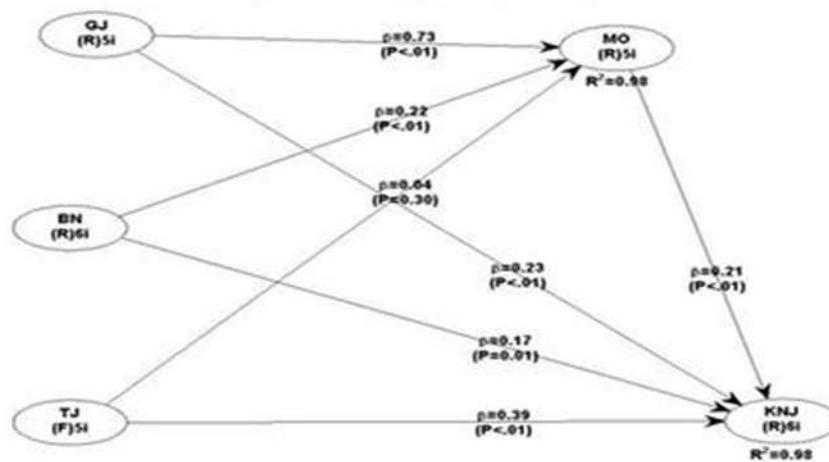
Based on the provided research model, the salary variable has a direct impact on employee performance with a coefficient of 0.23 and on work motivation with a coefficient of 0.73, both of which are significant at the $p<0.05$ level. This indicates that salary plays a crucial role in determining both employee motivation and performance. Furthermore, work motivation also

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influences employee performance with a direct impact of 0.21. Therefore, it can be concluded that there is a positive and significant relationship between salary and motivation on employee performance. This is reinforced by the path coefficients in the analysis, which show values above the threshold of statistical significance, indicating a strong and positive relationship in the context under study (Sampurno, B. (2020).

In the first study titled "The Influence of Salary on Work Motivation and Professionalism of Honor Teachers," we found quantitative evidence supporting the theory that an increase in salary affects motivation and professionalism. By using multiple regression analysis, the research measured how much variability in the motivation and professionalism of honor teachers could be explained by changes in salary. The results showed that salary has a statistically significant contribution, although not dominant, with 10.56% of the variance in work motivation and 10.89% in professionalism. This implies that while there are other influencing factors, salary remains a significant factor. The second study, titled "The Influence of Salary, Allowances, and Bonuses on Work Motivation and Performance of Employees at PT. BPD East Java Jember," took a step further by not only measuring the direct influence of salary on motivation but also assessing how salary, along with allowances and bonuses collectively, affects motivation and performance. According to the model used, salary demonstrated a strong and significant influence on work motivation with very high loading factor values, indicating that employees perceive salary as a crucial motivator.

In both cases, the convergent validity of the measurement model was tested by examining the relationship between indicator values and the values of the constructs they measured, with loading factor values serving as indicators of the strength of these relationships. Values above 0.7 were considered to indicate good convergent validity, while values above 0.5 were also acceptable, especially during the initial stages of research development. From a theoretical perspective, these findings align with motivation theories that emphasize the importance of material rewards as drivers of behavior. Theories such as Douglas McGregor's Theory X and Theory Y explain how salary and other financial incentives can influence employee motivation. Theory X suggests that employees naturally dislike work and need to be coerced or incentivized to work hard, while Theory Y proposes that employees are inherently motivated to work and seek ways to fulfill their professional and personal needs through their jobs.

In practical management, understanding the relationship between salary and work motivation is crucial for designing effective compensation systems. Managers need to consider not only employees' basic needs but also how salary can affect job satisfaction and organizational commitment. It is also important for designing effective employee retention strategies. In the contexts of education and industry, both studies provide empirical support for policies prioritizing investment in employee well-being. Particularly in education, where the quality of teaching heavily relies on teacher motivation and professionalism, these research findings emphasize the importance of providing adequate incentives to attract and retain qualified teachers. Overall, the analysis from both journals indicates a positive correlation between income and work motivation. These findings are important for human resource management policymaking, highlighting that increasing income can be one way to enhance employee motivation and performance.

In the quantitative analysis of the relationship between income and work motivation, we rely on numerical data and statistical techniques to understand and interpret the relationships between these variables. From a quantitative perspective, the first study, focusing on honor teachers, revealed that salary significantly contributes to their motivation to work. The numerical figures generated through statistical analysis provide objective quantitative evidence of the influence of salary on work motivation. The second study provides additional insights into how salary, allowances, and bonuses collectively influence employee motivation and performance. The quantitative values derived from data analysis indicate a significant and positive relationship between these financial variables and employee work motivation. In this context, motivation is not only viewed as a result of internal satisfaction but also as a response to financial incentives provided.

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Quantitative analysis allows us to measure the strength of the relationship between salary and work motivation. For example, regression coefficients, p-values, and t-values provide information about the strength of this relationship and the likelihood that it did not occur by chance. This analysis also provides an understanding of how much variability in work motivation salary can explain. The quantitative approach also enables us to make predictions. Based on the developed model, we can predict how changes in salary can affect employee work motivation. This is particularly useful in human resource planning and compensation strategy. Furthermore, quantitative analysis offers the ability to control for other variables that may influence the relationship between salary and motivation. In statistical models, variables such as work experience, education, and working conditions can be included as control variables to ensure that the observed relationship between salary and motivation is not distorted by these factors. When interpreting quantitative results, it is important to consider the magnitude of the effect. In the second study, the effect of salary on work motivation is quite substantial, indicating that changes in compensation may have a more significant impact on motivation compared to other variables.

Quantitative results also highlight the importance of validity and reliability in measurement. Convergent validity tested through loading factor values demonstrates that items in a scale truly measure the intended constructs. This ensures that conclusions drawn based on the data are valid. Overall, the quantitative approach provides a strong framework for understanding the dynamics of income and employee motivation. Through rigorous statistical analysis, we can draw evidence-based conclusions and gain insights applicable to policy development and managerial practices.

CLOSING

The conclusion drawn from the analysis of data from various studies indicates that income plays a significant role in motivating employees. Adequate compensation serves not only to fulfill employees' financial needs but also has a positive impact on increasing their motivation and engagement in their jobs. From a psychological perspective, Abraham Maslow's hierarchy of needs theory posits that financial needs are one of the basic needs that must be met before individuals can be motivated to pursue higher-level needs such as recognition and self-actualization. Therefore, sufficient income can be considered as the initial foundation for building employee work motivation. Studies conducted in the field of human resource management often find a positive correlation between financial compensation and work motivation. Variables such as salary, allowances, and bonuses are known to have a close relationship with the improvement of employee motivation. The concept of reinforcement theory suggests that behaviors reinforced through incentives tend to be repeated, and in the workplace context, financial incentives serve as such reinforcement. This indicates that financial incentives can be considered as crucial factors in stimulating and maintaining high levels of motivation among employees.

Statistical analysis in several studies further strengthens this argument by demonstrating that income can predict a portion of the variability in work motivation. This indicates that there is a measurable quantitative relationship between the amount of financial compensation provided to employees and their level of motivation at work. In practice, this provides a basis for companies to develop effective compensation strategies, considering salary structures, allowances, and bonus schemes that can enhance work motivation. However, it is important to consider that motivation is not solely influenced by financial factors. Douglas McGregor's Theory X and Theory Y suggest that work motivation is also influenced by intrinsic factors such as recognition, opportunities for self-development, and a sense of achievement. Therefore, while income plays a crucial role, a holistic approach that also takes into account employees' intrinsic needs will be more effective in enhancing motivation and job engagement. In conclusion, income plays a significant role in motivating employees, but effective income policies should be accompanied by a deep understanding of employees' intrinsic needs and motivation. Good income policies not only meet employees' financial needs but also serve as managerial tools to enhance productivity and retain talent within organizations. Thus, companies should consider the development of comprehensive

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compensation strategies that focus not only on financial aspects but also take into account the intrinsic factors that influence work motivation.

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