

## THE EFFECT OF WORKING HOURS AND INCENTIVES ON THE QUALITY OF WORK OF PT MNY EMPLOYEES

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### ABSTRACT

This study examines the impact of working hours and incentives on employee work quality at PT MNY. A quantitative approach was employed, with a survey method used to collect data from 200 respondents selected through purposive sampling. Structural Equation Modeling (SEM) was utilized to analyze the data. The findings indicate that working hours significantly and positively affect employee work quality ( $p = 0.035$ ). Effective management of working hours is crucial for enhancing employee performance and productivity. Additionally, incentives were found to have a significant positive effect on work quality ( $p = 0.034$ ), underscoring the importance of financial and non-financial rewards in motivating employees. The simultaneous analysis revealed that working hours and incentives jointly influence employee quality, with a path coefficient of 0.423 and a significant value of  $p = 0.005$ . Balanced work schedules and fair incentive systems are critical in maintaining employee motivation and productivity. The study recommends that PT MNY's management implement balanced work schedules and design a more equitable reward system to optimize employee performance. Future research should consider additional factors, such as leadership style and organizational culture, to gain a more comprehensive understanding of the determinants of employee work quality. By implementing these recommendations, PT MNY can enhance employee motivation, productivity, and overall work quality, contributing to the organization's success. This study provides valuable insights for organizations seeking to improve employee performance and work quality through effective management of working hours and incentives.

**Keywords:** Working Hours; Incentives; Work Quality; Employees

## INTRODUCTION

Working hours are crucial for improving employee quality (Sheikh et al., 2021). Low-level workers expect to be paid for extending time, but regulations regarding various activities require time to work with superiors. This is a source of stress and results in poor performance. Long working hours prevent employees from spending time with their families because they are less able to relax. According to Finch (1989), there are several regulations regarding maximum working hours, the allocation of rest hours, and awards within these provisions. The distribution of incentives is a key issue that must be observed by company management. Incentives can encourage employees to work optimally, meaning they become more productive so that company targets can be achieved. According to Salin et al. (2023), incentives are bonuses distributed to selected and high-performing employees. This incentive is a technique used by justice advocates in providing compensation. Providing appropriate incentives and a good work system to support the organization's work system can move in line with the organization's needs.

According to Staff and Mortimer (2024), work quality is a result that can be measured by the effectiveness and efficiency of work carried out by human resources or other resources in achieving company goals or objectives properly and effectively. This is what causes companies to compete with each other in terms of improving quality, both the quality of human resource improvement and product quality. Human resource improvement is an activity carried out together with employees and managers with the aim of finding added value so that the company can face competitive challenges.

Does working hours have a significant effect on the work quality of PT MNY employees?, Do incentives have a significant effect on the work quality of PT MNY employees?, Do working hours and incentives simultaneously have a significant effect on the work quality of PT MNY employees?

## LITERATURE REVIEW

### Management by Objective (MBO)

The research framework in this study is based on Management by objective (MBO) is a managerial approach that requires managers and employees to work together to set clear, measurable, and directed goals. Shi (2024), MBO involves a collaborative process in which company goals are translated into specific objectives to be achieved by individuals or teams within a specified timeframe.

MBO recommends six key variables: Defining the company's strategic objectives, involving the team in setting goals based on SMART principles, establishing success indicators, regularly monitoring progress toward goals, realigning goals as needed, and rewarding achievement.

### Working Hours

Hours worked at are the total time a person spends doing paid work or the time an employee is scheduled to work. According to Leso et al. (2021), working time is the time reserved for the equipment used or the working time of employees or workers. According to Matre et al. (2021) the extension of working hours is an important step in the effort for decent work, the matter of working time must be addressed at several levels to eliminate various types of gaps between the actual working time desired by employees and promote the competitiveness of the company, this situation applies to employees who regularly work too long hours those who work part-time and prefer to work overtime. Flexible working hours are

the answer to various challenges for employees to recover from various work tensions, fatigue and conflicts between work and family, people who have the power to choose when they can start and stop working tend to be more satisfied with their jobs (Dousin et al., 2021).

### **Incentive**

According to Koo et al. (2020), incentives are defined as a reward in the form of a bonus in addition to salary that serves to stimulate employee productivity. The principle of incentives is related to employee performance. Generally, incentives are given to employees who have achieved or are able to achieve targets set by the company. In addition to increasing employee enthusiasm for work, incentives also aim to encourage employees to push themselves to make the best contribution to the company (Marzuki et al., 2024).

According to Wessels et al. (2021), the definition of incentives is a form of money given by organizational leaders to employees so that they work with high motivation and achieve organizational goals as recognition of employee work performance and contribution to the organization.

### **Quality of Work**

The concept of quality is considered relative, not necessarily good, excellent, or otherwise. Quality can refer to the characteristics of a product or service that demonstrate the benefits to consumers. Work quality is a measurable outcome of the efficiency and effectiveness of work performed by human resources or other resources to successfully achieve company goals or objectives (Kusuma et al., 2020).

Meanwhile, according to Pedersen (2023), work quality is a process through which an organization assesses that work performance is carried out well, regularly, and accurately and can help increase work motivation, loyalty to employees or the organization. According to Ashari et al. (2020), it can be said that the essence of work quality is a measurable result of the effectiveness and efficiency of work carried out by human resources or other resources in achieving useful business goals or objectives.

### **Working Hours on Employee Work Quality**

The relationship between working hours and work quality depends heavily on how those hours are managed. Excessively long working hours without regard for employee well-being will have a negative impact, but regular and disciplined working hours, along with flexibility, can be a positive factor in improving work quality. If working hours are not considered a factor influencing job satisfaction, organizations may consider increasing them, which will impact the social fabric of the work community (Pedersen, 2023).

Job quality, especially intrinsically meaningful work, low-incentive work, and a supportive social environment, have positive effects on employee mental health, even in short-hour jobs. Furthermore, while working less than desired (underemployment) has negative effects, these negative effects are much smaller and insignificant in good jobs (Heriyati et al., 2024).

Employees who work up to 10 extra hours are more satisfied with their jobs and careers and have greater control at work than those who do not work overtime or work higher overtime hours (Fontinha et al., 2019).

H1: Working hours positively influences employee work quality.

### **Incentives for Employee Work Quality**

By prioritizing decent work, safe working conditions, and fair wage practices, stakeholders can drive social sustainability, stakeholder engagement, and sustainable

competitive advantage (Santos, 2023). A company's performance is inseparable from its resources. In this regard, a company's success is greatly supported by its human resources. Motivation, competence, discipline, work quality, and incentive factors have a significant influence on employee productivity (Nuralfya et al., 2023).

H2: Incentives positively influence employee work quality.

### Working Hours and Incentives for Work Quality

Human resource quality development, absence and leave policies, and salary increases in accordance with industry standards can improve employee welfare and productivity and maintain competitiveness within a company (Nelson et al., 2023).

Research findings reveal that inadequate rest, mental fatigue, and illness have long-term impacts on the human body, leading to poor health. The study recommends collaborating with occupational health and safety officers and supervisors to assess work schedules and workloads, and providing adequate environmental conditions for workers on project sites. The study also suggests providing adequate rewards and motivation, anonymous reporting of problematic workloads, and adequate breaks for long work hours to minimize fatigue. Ensuring adequate rest and long work hours can improve worker motivation and overall well-being (Drah & Kheni, 2023).

H3: Working Hours and Incentives positively influences Employee Work Quality.

### The Research Model

Below is the research model developed based on the previously formulated hypothesis.

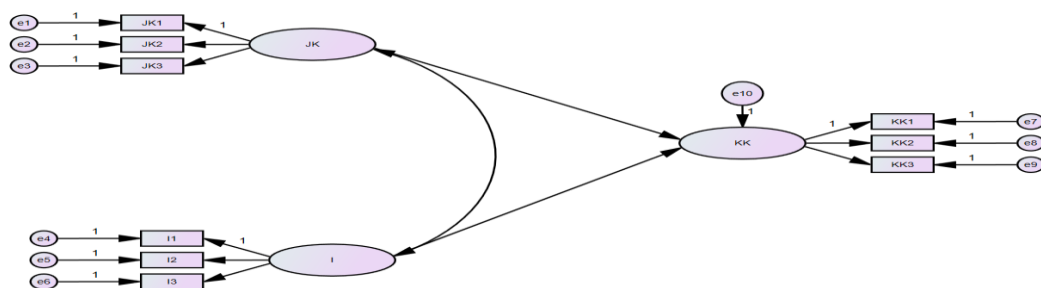


Figure 1. Research Model Developed for This Study

## RESEARCH METHOD

This research is a quantitative study using a survey questionnaire that measures observed phenomena objectively (Sahoo, 2019). Numerical data is used to test the hypotheses formulated in this study.

### Population and Sample

The population of this study consisted of all employees of PT MNY. The sample criteria were permanent and part-time employees of PT MNY with a minimum of one year of service. A total of 200 respondents were recruited as the sample for this study using purposive sampling.

## Data Collection and Analysis

This study used an online survey questionnaire as the data collection instrument. Structural Equation Modeling (SEM) with a significance level of 5% and a Critical Ratio (CR) of 1.96 was used for data analysis.

## RESULTH AND DISCUSSION

### Respondent Profile

Respondents were mostly female (62% or 124 respondents), aged between 21–26 years (29% or 58 respondents), and had a work experience of over 1–5 years (9% or 18 respondents).

### Research Instrument

This research instrument is a survey questionnaire using a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Table 1 describes the construct measures.

### Measurement Model

According to Haji-Othman & Yusuff (2022) the Average Variance Extracted (AVE) must be  $> 0.5$ . Furthermore, the outer loading of each indicator must be  $> 0.6$ . Finally, Discriminant Validity is calculated, which is the square root of the correlation value of each variable  $>$  the cross-squared correlation of that variable compared to other variables in the study.

Table 1. Construct size

No	Variable	Items	Source
1	Working hours	1 I have enough time to finish all the work 2 Getting enough rest helps me to complete my work well. 3 I feel that my overtime work is appreciated by the company.	Satriani (2020)
2	Incentive	1 This material incentive can help improve the quality of my work 2 I feel more productive at work because of the material incentives 3 I have the opportunity to participate in training and self-development in the company	Anwar et al. (2021)
3	Quality of work	1 I have mastered excellent skills in carrying out my work. 2. My work results can meet the quality standards set by the company. 3 I am willing to work overtime to increase productivity and work results.	Hasibuan (2021)

## Convergent Validity and Discriminant Validity.

Table 2 shows the results of Convergent Validity

Table 2. Convergent Validity

Variables	Indicator	Convergent Validity			
		Outer Loading (> 0.7) but (0.5 < x < 0.7) Acceptable	Results	AVE (> 0.5)	Results
Working Hours (JK)	JK1	0.892	Valid	0.676	Valid
	JK2	0.927	Valid		
	JK3	0.905	Valid		
Incentive (I)	I1	0.751	Valid	0.675	Valid
	I2	0.843	Valid		
	I3	0.816	Valid		
Work Quality (KK)	KK1	0.978	Valid	0.591	Valid
	KK2	0.907	Valid		
	KK3	0.851	Valid		

Source: Processed Data of 200 respondents for this study (2023)

Table 3. Composite Reliability of Actual Results

Variable	Cronbach's Alpha (>0.70)	Composite Reliability (>0.70)	Result
Working hours	0.754	0.821	Reliable
Incentive	0.927	0.946	Reliable
Quality of work	0.772	0.829	Reliable

Source: Processed Data of 200 respondents for this study (2023)

All variables in Table 3 are confirmed to be reliable because the cronbach alpha and composite reliability values are > 0.7 (Haji-Othman & Yusuff, 2022). Therefore, the model is considered valid and reliable. The next structural model test can be carried out.

## Structural Model

First, the Multicollinearity test is measured using the Variance Inflation Factor or VIF coefficient. The threshold value of the structural VIF coefficient should not be higher than 4.0 (Sahoo, 2019). Table 4 below shows that all VIF values are less than 4. Thus, it can be concluded that there is no multicollinearity problem, or the model is free from general bias.

Table 4. Multicollinearity Test

Variables	VarianceInflation Factor
Working Hours- Quality of work	1,657
Incentives- Quality of work	1,657

Source: Processed data from 200 respondents of this study (2023)

The results of the multicollinearity test of this study, as shown in Table 4, indicate that there are no multicollinearity problems.

## Coefficient of Determination (R2)

The coefficient of determination or R-squared statistically indicates the strength of the independent variable in explaining changes in the dependent variable.

Table 5. Hypothesis Testing

Hypothesis	Original Sample	T-Statistics (>1.645)	P-Value(<0.05)	Hypothesis Analysis
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H1: Working hours positively influences employee work quality.	0.335	2,899	0.035	Supported
H2: Incentives positively influences employee work quality.	0.234	2,623	0.034	Supported
H3: Working Hours and Incentives positively influences Employee Work Quality.	0.423	8,772	0.005	Supported

Source: Processed data from 200 respondents of this study (2023)

The results of the hypothesis test presented in the table above confirm that H1, H2, and H3 are significant and supported.

## Discussion

This study found that working hours positively impacted the work quality of PT MNY employees. This is supported by a t-value of  $2.899 > 1.645$ , and a p-value of  $0.035 < 0.05$ . The path coefficient is 0.035, meaning there will be a slight increase of 0.335 points in the work quality of PT MNY employees every time their working hours implementation increases by 1 point. These results empirically prove that the implementation of working hours on work quality has a positive impact on their satisfaction in using the platform. Previous research also supports the positive impact of working hours on work quality (Pedersen, 2023). Therefore, company management needs to pay attention to their employees by providing working hours in accordance with applicable regulations both within the company and government regulations.

This study also found that incentives have a positive influence on work quality (supported) with a T statistic of  $2.2637 > 1.645$ , and a P value of  $0.034 < 0.05$ . With a path coefficient of 0.034, this study shows that increasing Incentives for employees will boost employee work quality by 0.234. Another study also revealed that perceived usefulness contributes to increased work quality (Santos, 2023). Employees who feel appreciated tend to feel satisfied, which ultimately contributes to increasing their work quality in their contribution to the Company (Nuralfya et al., 2023).

Working hours and incentives also contribute jointly to work quality with a path coefficient of 0.423, a T-statistic of  $8.772 > 1.645$ , and a p-value of 0.005. These findings demonstrate the important role of employee working hours and incentives in building work quality. Similar results regarding the positive impact of trust on work quality were revealed in previous studies (Nelson et al., 2023; Drah & Kheni, 2023).

This study found that working hours have a significant impact on work quality. Excessively long working hours can reduce performance by causing stress, fatigue, and errors, while disciplined and well-managed working hours, including adequate rest, can increase employee productivity, concentration, and job satisfaction. Flexible working hours can also have a positive impact, but the workload remains a significant factor in this relationship.

Similar results were also found in previous research (Fontinha et al., 2019). Research findings indicate that long working hours tend to reduce work quality, while adequate and targeted incentives have been shown to be effective in increasing employee motivation, productivity, and work quality. Normal working hours or long working hours without adequate compensation can reduce performance, while a well-designed incentive system, including

bonuses and awards, can be a key driver for employees to work optimally and maintain high work quality.

This study aims to investigate the impact of working hours and employee incentives on work quality. The results show that working hours and employee incentives each influence work quality. This study also found a positive effect of working hours on work quality (Heriyati et al., 2024).

These findings suggest that a company's performance is inseparable from its resources. In this regard, a company's success is strongly supported by its human resources, incentive factors, and adequate rest during long working hours to minimize fatigue. Ensuring adequate rest and long working hours can improve worker motivation and overall well-being.

This study is limited to two independent variables (working hours, incentives), and one dependent variable (work quality). The results of the R-squared test indicate that there are other variables not examined in this study that may influence work quality. Therefore, this study recommends future researchers to include additional variables such as motivation, competence, discipline, adequate reward and motivation, anonymous reporting of workload in their studies.

## CONCLUSION

This study aims to analyze the effect of working hours and incentives on the work quality of PT MNY employees. The study used a quantitative method with a survey approach through questionnaires distributed to 200 respondents selected using a purposive sampling technique. Data was analyzed using Structural Equation Modeling (SEM) with a significant level of 5%. The results showed that working hours had a significant positive effect on employee work quality ( $p = 0.035$ ), and incentives also had a significant positive effect on work quality ( $p = 0.034$ ). Simultaneously, working hours and incentives together had an effect on employee work quality ( $p = 0.005$ ) with a path coefficient of 0.423. These findings emphasize the importance of proportional work hour management and fair incentives in improving employee motivation, productivity, and work quality. This study recommends that company management pay more attention to the balance of work time and reward systems to encourage optimal performance.

## IMPLICATIONS FOR RESEARCH AWARD

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