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THE INFLUENCE OF SALARY AND INCENTIVES ON JOB SATISFACTION OF NONSTOP ADVERTISING EMPLOYEES (CV. ANUGRAH JAYA)

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Abstract. This study aims to analyze the effect of salary and incentives on employee job satisfaction at Nonstop Advertising (CV. Anugrah Jaya). Using a quantitative, associative-causal approach and involving all employees as respondents, the study used a questionnaire with a five-point Likert scale and multiple linear regression analysis. The main findings indicate that salary has a dominant, positive and significant effect on job satisfaction, while incentives also have a positive effect but with a smaller contribution. The combination of salary and incentives explains 98.7% of the variation in job satisfaction, emphasizing the synergy between the two in enhancing employee satisfaction. This highlights the importance of balanced, transparent, and performance-based management improvements to increase motivation, loyalty, and productivity. Practical implications: Companies need to design fair remuneration packages and consider non-financial factors such as career development and a supportive work environment to strengthen overall job satisfaction.

Keywords: Salary; Incentives; Job Satisfaction; Compensation; Human Resource.

1. Introduction

In today's increasingly competitive business world, human resources (HR) are a strategic asset that determines the sustainability and growth of an organization. Companies that want to survive and thrive amidst intense competition need to prioritize the well-being and job satisfaction of their employees. Job satisfaction not only plays a role in increasing productivity but also influences employee loyalty, performance, and retention rates (Nurwati Etty et al., 2021). In the post-pandemic era, compensation aspects such as salary and incentives are becoming dominant factors in determining the extent to which an employee feels valued and motivated to perform optimally.

Nonstop Advertising (CV. Anugrah Jaya), a major player in the Indonesian advertising industry, faces similar challenges. In a work environment that demands creativity, speed, and punctuality, employee job satisfaction is a key determinant of operational success. However, a frequent occurrence is an imbalance between high workloads and compensation received. This can lead to dissatisfaction, leading to decreased motivation, performance, and even turnover. Therefore, this study focuses on the effect of salary and incentives on employee job satisfaction at Nonstop Advertising (CV. Anugrah Jaya) to provide an empirical overview of the importance of a fair and effective compensation system in improving employee well-being.

Salary and incentives are two key components of a compensation system that significantly influence employee behavior and work attitudes. Salary serves as a basic reward that reflects the economic value of an individual's contribution to the company, while incentives act as additional drivers designed to motivate above-standard performance (Meutia & Narpati, 2021). Research by (Kafi & Arief, 2023) shows that salary and incentives significantly influence employee satisfaction and performance, especially when the compensation system is implemented transparently and consistently.

According to Deretić et al., 2023, in the context of technology companies, the balance between salary and incentives is a key factor in increasing job satisfaction, as employees perceive their contributions as objective and proportionally rewarded. Similarly, Alkandi et al., 2023, who stated that incentive and reward systems play a significant role in increasing employee satisfaction and performance across various industrial sectors, particularly through their mediating role in job satisfaction.

In Indonesia, research conducted by Thoriq Alfadhil and Lisiana Tulhusnah (2024) found that compensation factors, including salary and incentives, are important determinants of job satisfaction, which impacts employee loyalty and motivation. Meanwhile, Ibrahim et al. (2024) in their research at PT Nenggapratama Mobil Indo Gorontalo showed that incentives have a positive correlation with job satisfaction because they encourage employees to be more productive and feel appreciated for their work.

In the context of the Nonstop Advertising company (CV. Anugrah Jaya), a problem that emerged was the suboptimal compensation system, which balanced base salary and incentives. Some employees felt their salaries were not commensurate with their workload and responsibilities, while incentives were still subjective. This situation has the potential to reduce job satisfaction, which ultimately affects organizational performance and effectiveness. Therefore, empirical research is essential to specifically analyze the effect of salary and incentives on employee job satisfaction at the company.

Previous research indicates that the relationship between compensation and job satisfaction is not always consistent across organizational contexts. Meutia et al. (2021) found that incentives play a significant role in job satisfaction, while salary has a lesser influence than non-financial factors such as the work environment. Conversely, Deretić et al. (2023) concluded that salary is the dominant factor compared to incentives in increasing employee satisfaction in the IT sector.

Furthermore, Martinr & Uribe (2021) emphasized that reward systems influence job satisfaction, but work motivation can act as an intervening variable that strengthens this relationship. Aljumah (2023) even added that transactional leadership styles can mediate the relationship between external motivation and job satisfaction. Therefore, there is still a research gap regarding the direct relationship between salary and incentives on job satisfaction in the context of creative service companies such as Nonstop Advertising (CV. Anugrah Jaya), which is characterized by project-based work and high creativity. This research also addresses the gap in the literature that has not yet focused much on local advertising companies in Indonesia in the context of compensation and job satisfaction, despite this sector's crucial role in the national creative industry.

The novelty of this research lies in its focus on the context of creative service companies, which are rarely studied in job satisfaction studies in Indonesia. Most previous research has been conducted in the manufacturing sector (Meutia et al., 2021) or the hospitality sector (Nurwati Etty et al., 2021), while the advertising sector has unique characteristics such as fluctuating workloads, project-based bonus systems, and high creative pressure. Furthermore, this study not only examines the direct influence of salary and incentives on job satisfaction but also provides empirical recommendations for Nonstop Advertising's management to develop fairer, more transparent, and performance-based compensation policies. This approach adds practical value to the development of human resource management in the creative industries sector.

Based on the description of the objectives of this study is to analyze in depth the compensation factors that influence employee job satisfaction at Nonstop Advertising (CV. Anugrah Jaya). Specifically, this study aims to (1) analyze the effect of salary on employee job satisfaction, (2) assess the effect of incentives on employee job satisfaction, and (3) determine the extent to which salary and incentives contribute simultaneously in increasing the level of job satisfaction. In addition, this study also (4) aims to provide constructive policy recommendations to management in designing a compensation system that is effective, fair, and oriented towards improving employee welfare and performance in a sustainable manner.

2. Research Methods

This research method uses a quantitative approach with an associative-causal research type to analyze the effect of Salary (I) and Incentives (I) on employee Job Satisfaction (JS). The research was conducted at the Nonstop Advertising company (CV. Anugrah Jaya) with all 30 employees as respondents using a saturated sampling technique. Data were collected through a closed questionnaire based on indicators of each variable and measured with a five-point Likert scale. Data analysis includes descriptive, instrument validity and reliability tests, and structural models using SPSS, including multiple linear regression analysis to test simultaneous and partial effects. Hypothesis testing uses a significance criterion of $\alpha = 0.05$, and model quality is assessed through the coefficient of determination (R^2). This method emphasizes valid and reliable quantitative measurements and inferential statistical analysis to understand the causal relationship between variables. This method was chosen because the population size was relatively small and so that the data obtained represented all employees, thereby increasing the accuracy of the results and avoiding sample bias.

3 Results and Discussion

Research Data Description

Based on the results of a questionnaire completed by 30 employees of Nonstop Advertising (CV. Anugrah Jaya), data were obtained regarding three research variables, namely Salary (I), Incentives (I), and Job Satisfaction (JS). Respondents' responses to each indicator in these three variables were then analyzed to determine the level of employee perception and assessment of the compensation system implemented by the company.

Average Research Indicators

The analysis was carried out using the average percentage formula as follows:

$$Average = \frac{Number\ of\ respondents\ on\ a\ particular\ indicator}{Number\ of\ Respondents} \text{ x } 100\%$$

Table 1. Average Research Indicators

Indicator Code	Average Score	Category	Variable
X_1	4.19	High	S (Salary)
X_2	4.29	High	S (Salary)
X_3	4.19	High	S (Salary)
X_4	4.19	High	S (Salary)
X_5	4.32	High	I (Incentive)
X_6	4.32	High	I (Incentive)
X_7	4.35	High	I (Incentive)
X_8	4.26	High	I (Incentive)

Indicator Code	Average Score	Category	Variable
X_9	4.29	High	I (Incentive)
X_{10}	4.23	High	JS (Job Satisfaction)
X_{11}	4.32	High	JS (Job Satisfaction)
X_{12}	4.23	High	JS (Job Satisfaction)
X_{13}	4.19	High	JS (Job Satisfaction)
X_{14}	4.32	High	JS (Job Satisfaction)
X_{15}	4.19	High	JS (Job Satisfaction)
X_{16}	4.26	High	JS (Job Satisfaction)
X_{17}	4.26	High	JS (Job Satisfaction)
X_{18}	4.26	High	JS (Job Satisfaction)
X_{19}	4.26	High	JS (Job Satisfaction)

Model (Measurement Model) Classification of Outer Model

Convergent Validity, measured by Average Variance Extracted (AVE). All variables met the AVE criterion of ≥ 0.50 with values of S = 0.71; I = 0.74; and JS = 0.72, respectively, thus all constructs were declared convergently valid. Reliability, measured by Cronbach's Alpha and Composite Reliability. All values exceeded 0.70 (Cronbach's Alpha: S = 0.857; I = 0.997; JS = 0.759 and Composite Reliability: S = 0.966; I = 0.707; JS = 0.966), indicating that all research instruments were reliable and had good internal consistency.

Table 2. Results of Reliability and Convergent Validity Tests

Variabel	Cronbach's Alpha	Composite Reliability	AVE
S	0,857	0,966	0.71
I	0,997	0,707	0.74
JS	0,759	0,966	0.72

Inner Model (Structural Model)

Table 3. Path Analysis Results

Line	Path Coefficient (β)	T-Statistic
S → JS	0.896	7.915
I → JS	0.327	2.887

a. The Salary (I) variable has a positive and significant effect on Job Satisfaction (JS) with a β value of 0.896 and a T-Statistic of 7.915, indicating a very strong relationship.
b. The Incentive (I) variable also has a positive and significant effect on Job Satisfaction (JS) with a β value of 0.327 and a T-Statistic of 2.887.
c. The T-Statistic values for both variables are greater than 1.96, so both meet the significance criteria at the 5% level.
d. In general, this model indicates that Salary has a dominant influence compared to Incentives in increasing employee Job Satisfaction.

Table and Meanings for HR Research

Table 4. Path Analysis Results

Variable	Path Coefficient (β)	T-Statistic	Significance	R^2 (Contribution To Job Satisfaction)	Description
Salary (S)	0.896	.915	Significantly positive ($p < 0.05$)	98.7% (combined salary and incentives)	The dominant variable in increasing job satisfaction. Salary is considered the primary factor determining employee basic satisfaction
Incentives (I)	0.327	2.887	Significantly positive ($p < 0.05$)	Part of combined 98.7%	Although its influence is smaller than salary, incentives act as an additional motivator that strengthens job satisfaction.
Combined (Salary + Incentive)	-	-		98.7%	The combination of these two variables explains most of the variation in job satisfaction, indicating synergy between pay and incentives.

a. Prioritize Fair and Competitive Salary Management: Salary has a dominant influence on job satisfaction, so companies must ensure a transparent, fair salary structure that aligns with employee workload and responsibilities to increase motivation and loyalty.
b. Combine with a Clear and Measurable Incentive System: An incentive system serves as a motivational booster that can improve employee performance and satisfaction if designed objectively and transparently. Therefore, it needs to be synergistically integrated with base salary.
c. Consider Non-Financial Factors: In addition to salary and incentives, factors such as career development, a conducive work environment, and recognition for employee contributions are important for strengthening overall job satisfaction.
d. Leverage Predictive Models for HR Policies: With a regression model explaining 98.7% of the variation in job satisfaction through salary and incentives, HR practitioners can design effective remuneration packages based on empirical data to improve employee performance and retention.

Hypothesis Testing

Table 5. Hypothesis Testing

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.994[a]	.987	.962	.01069

a. Predictors: (Constant), I, G

Based on the results of the hypothesis testing, it can be concluded that:

a. Salary (S) → Job Satisfaction (JS): Has a positive and significant effect, indicated by a very high R value ($R = 0.994$) and a coefficient of determination $R^2 = 0.987$.

This indicates that the Salary variable has a strong contribution in explaining changes in Job Satisfaction.

b. Incentives (I) → Job Satisfaction (JS): Also shows a positive and significant effect on Job Satisfaction when tested together with the Salary variable in the regression model.

c. R^2 Job Satisfaction = 0.987 → 98.7% of the variation in job satisfaction is explained by the combination of the Salary and Incentive variables, while the remaining 1.3% is influenced by other factors outside this research model.

Based on these results, it is concluded that Salary and Incentives together have a significant positive effect on Job Satisfaction (JS). This regression model has very strong predictive ability, making it suitable for explaining the relationship between variables in this study.

Discussion

Based on the results of research at Nonstop Advertising (CV. Anugrah Jaya), it was found that Salary (I) has a positive and significant influence on Job Satisfaction (JS) with a path coefficient of $\beta = 0.896$ and T-Statistic = 7.915, while Incentives (I) also have a positive influence with $\beta = 0.327$ and T-Statistic = 2.887. These results indicate that Salary is a dominant factor in shaping employee job satisfaction, while Incentives function as a motivational booster. This finding is in line with previous theories and research that emphasize the importance of financial compensation in motivating employees.

Kafi and Arief (2023) stated that salary and incentives play a significant role in improving employee performance through job satisfaction as an intervening variable. A similar finding was expressed by Thanan et al. (2021), who found that salary, incentives, and bonuses collectively increased job satisfaction among Grab Car driver-partners. Aljumah (2023) added that intrinsic and extrinsic motivation, including compensation, influence job satisfaction through transactional leadership. Nurwati, Rahmad, and Effendi (2021) emphasized the relationship between compensation and motivation on employee performance, with job satisfaction acting as a mediator.

The dynamic interaction between Salary and Incentives in this study showed a combined contribution of 98.7% to the variation in Job Satisfaction ($R^2 = 0.987$), indicating the synergy of the two variables in creating employee satisfaction. Martinr and Uribe (2021) emphasized that a well-designed reward system increases job satisfaction through employee motivation, while Alkandi et al. (2023) found that incentives and reward systems influence employee performance through job satisfaction as a mediator. Other studies by Jamal Ali & Anwar (2021) and Deretić, Kukolj, and Sančanin (2023) also confirmed that salary and incentives have a positive influence on employee job satisfaction across various industrial sectors.

The theoretical implications of this research support Herzberg's (1959) model, which distinguishes hygiene factors (salary) from motivators (incentives), where salary is the primary factor maintaining basic satisfaction, while incentives strengthen motivation and loyalty. Practically, companies are advised to design balanced and transparent remuneration packages to improve employee satisfaction, retention, and productivity, as found in studies by Dwi Cahya, Prabowo, and Suryawan (2021), Ibrahim, Yantu, and Rahman (2024), Meutia and Narpati (2021), and Thoriq et al. (2024). Therefore, effective salary and incentive management is key to a company's human resource development strategy.

4 Conclusion And Recommendation

This study concludes that Salary and Incentives have a positive and significant influence on employee Job Satisfaction, with Salary being the dominant factor in shaping job satisfaction levels. The combination of these two variables is able to explain almost all of the variation in employee job satisfaction in the companies studied, indicating that effective compensation management is crucial for increasing motivation, loyalty, and productivity. Based on these findings, it is recommended that companies design balanced remuneration packages, combining a competitive base salary with a fair and transparent incentive scheme. In addition, companies need to consider non-financial factors such as career development, recognition, and a conducive work environment to strengthen overall job satisfaction. Future research can expand the sample scope and include additional variables to provide a more complete understanding of the factors influencing employee satisfaction across various organizational contexts.

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