
Analysis of the Effect of Reward System based on Key Performance Indicator on Employee Motivation

Dwi Erma Santi ¹² Windu Santoso ² Ima Rahmawati ³ & Nur Jihan Johar ⁴

¹Nursing Master's Study Program, Faculty of Health Science, Bina Sehat PPNI University, Mojokerto City, East Java, Indonesia.

²Head of Nursing Siti Khodijah Muhammadiyah Sepanjang Branch Hospital, East Java, Indonesia

² The Rector of Bina Sehat PPNI University, Mojokerto City, East Java, Indonesia

³ Basic Medical Surgical Nursing Department, Bina Sehat PPNI University, Mojokerto City, East Java, Indonesia

^{1 2}dwiermasanti85@gmail.com

Abstract

Introduction: *Employee motivation plays a crucial role in maintaining organizational productivity and reducing employee turnover, particularly in healthcare institutions. In 2023, internal data from a hospital in Indonesia indicated that approximately 73% of employees who resigned cited the search for higher financial rewards as the primary reason for leaving. In response to this issue, hospital management implemented a Key Performance Indicator (KPI)-based reward system designed to evaluate employee contributions through several parameters, including employee performance, position index, individual performance indicators, involvement in marketing activities, and unit performance indicators. This study aimed to analyze the effect of the KPI-based reward system on employee work motivation.*

Methodology: *This study employed an analytic observational method using a cross-sectional research design. The study population consisted of all permanent employees at the hospital, with a total sample of 191 respondents. Data were analyzed using regression analysis to determine the relationship between the reward system and employee work motivation.*

Result: *The results showed that the reward system had a significant effect on employee work motivation ($p < 0.05$). The regression coefficient ($B = 0.456$) indicates that improvements in the implementation of the reward system are associated with an increase in employee work motivation. The coefficient of determination ($R^2 = 0.345$) suggests that the reward system explains 34.5% of the variance in work motivation, while the remaining 65.5% is influenced by other factors not included in this study.*

Conclusion: *In conclusion, the implementation of a KPI-based reward system positively and significantly influences employee work motivation, although other organizational factors also contribute to shaping employee motivation.*

Keywords: *Reward System, Key Performance Indicator, Work Motivation*

1. Introduction

The most important actors are the people in the organization. One of the key management strategies of organizations is to invest in employees. Organizations strive to develop, motivate, and improve the performance of their employees through various human resource applications. Therefore, reward systems have become a very important practice in human resource management systems (Adams, 2025). Reward systems are very important to organizations as they have become an essential part of managing employee performance. Over the past 25 years, other elements in compensation have evolved to provide employers with various types of rewards, so as to motivate employees (Noorazem et al., 2021). According to (Yew Qing & Teo, 2024) it is mentioned that the main objectives of the reward program are: (1) to attract qualified people to join the organization, (2) to keep employees coming to work, and (3) to motivate employees to achieve high levels of performance. Given that peoples are one of the largest employee groups in the healthcare sector, the presence of skilled and motivated people is critical to delivering effective services and improving health outcomes. While better strategies for recruiting peoples are essential, motivating and *rewarding* peoples who are already working is equally important (Pakkanna, 2023).

Based on data from 1995-2000 in Ethiopia, 20% of health workers left hospitals and health centers due to low salaries. Another study also revealed that 74.6% of doctors, 62.5% of pharmacists, 50.6% of nurses, and 34.2% of laboratory technicians were dissatisfied with their jobs due to low rewards (Ngwa & Agbaeze, 2019). Meanwhile, in 2023 at a hospital in Indonesia obtained data that 73% of employees stated the reason for resigning because they wanted to get a reward with a larger nominal (Primary Data, 2023). The reward system affects work-related behavior and work motivation (Figueiredo et al., 2025). In research (Miah & Adha Hafit, 2021) states that the correlation between extrinsic *rewards* and Employee Motivation is 0.7280, which shows a positive relationship between the two variables; 53% of employee motivation is influenced by *rewards*. This shows that there is a positive relationship between the two variables and is significant at the 5% significance level. Another researcher, Nebiat Negussie, mentioned in the results that there is a statistically significant relationship between *rewards* and work motivation, with the *reward system* being the most important and influential variable (Akpom & Ibegbulam, 2023). Other data states that researchers (Agustini et al., 2024) conducted research at the Brigadier General Haji Hasan Basry Kandangan Hospital. Researchers have conducted interviews with 12 employees about perceptions of workload and rewards received. 7 out of 12 employees (58.33%) revealed that the workload they received was not balanced with income, and 8 out of 12 employees (66.67%) showed less motivation to complete their job description on time. At the end of the study, it was found that pay satisfaction and motivation have a positive effect on employee performance. The intended positive effect is that employee performance will be better if pay satisfaction and employee motivation are also good. Where pay satisfaction and motivation variables can explain the increase in performance by 37.20% while other variables outside the independent variable can explain the increase in performance with a percentage of 62.80%.

However, the implementation of an acceptable reward system is still a challenge for every hospital manager. Based on this, at the end of 2023, the management at a hospital in Indonesia implemented a Key Performance Indicator (KPI) based reward system with parameters, namely employee performance, job index, individual performance indicators, and involvement in marketing and unit performance indicators. The results of filling in the Google form by employee representatives in November 2023 showed that 80% stated that the implementation of the new reward system was "Good" and 20% stated "Fair". These results indicate a positive response from employees to the implementation of the new reward system. Therefore, based on existing theory and data, researchers want to know for sure whether the implementation of a reward system based on Key Performance Indicators (KPI) has an effect on increasing employee motivation at a hospital in Indonesia.

2. Literature Review

2.1 Reward System

A reward is generally defined as something valuable provided to individuals in order to enhance their performance and motivation within an organization. According to John Stacey Adams (2025), rewards represent incentives or benefits given to individuals that encourage them to improve their level of performance. Rewards may take various forms, including tangible or intangible appreciation that employees perceive as desirable. For instance, praise, recognition, and appreciation for employees' work achievements are common examples of rewards used in organizations to reinforce positive performance and behavior (Rostandi & Senen, 2021).

A reward management system refers to a structured set of organizational policies, procedures, and practices that determine how employees are compensated and recognized based on their contributions, competencies, and skills. Such systems are developed within the framework of the organization's reward philosophy, strategy, and policy to ensure fairness and alignment with organizational goals. According to Pakkanna (2023), a reward management system includes various components such as compensation structures, benefits, incentives, and other recognition mechanisms designed to provide appropriate levels of pay and rewards. These systems aim to create a balanced approach to rewarding employees while supporting organizational performance and employee satisfaction.

Understanding employee preferences regarding reward systems is essential for organizations that seek to improve performance and motivation. Noorazem et al. (2021) emphasize that organizations must carefully consider employees' expectations and perceptions regarding rewards, as these factors influence how compensation affects employee performance. Rewards play a crucial role in shaping individual and team behavior, as they have a direct influence on employee motivation and performance outcomes. Research by Ngwa and Agbaeze (2020) suggests that rewards can significantly affect the behavior and productivity of individuals, teams, and departments within an organization.

Organizations typically use a variety of reward mechanisms to attract, retain, and motivate employees. These rewards are often designed to support both personal achievement and organizational objectives. Managers must make strategic decisions regarding how and when rewards should be distributed, which may include financial incentives, promotions, job transfers, praise, and formal recognition. According to Mar et al. (2020), effective reward systems not only motivate employees but also help create a positive organizational climate that encourages employees to engage in more challenging, meaningful, and satisfying work.

Rewards can generally be categorized into two main types: financial rewards and non-financial rewards.

Financial rewards refer to monetary incentives provided to employees as recognition for their performance and contributions to the organization. These rewards are often structured in the form of salaries, bonuses, incentives, and allowances that align employee performance with organizational goals. Financial compensation serves as a key motivator because it directly reflects the value of employees' contributions to the organization. Salary represents a fixed base payment provided to employees in exchange for the work they perform. It usually reflects the value of the job role and may vary depending on the level of responsibility, expertise, and skill required. Base salary refers specifically to the regular amount earned by an employee before additional payments, benefits, or deductions are applied.

In addition to salary, bonuses are commonly used as performance-based incentives. A bonus is an additional financial reward given to employees beyond their regular salary as recognition for outstanding performance, achievement of targets, or completion of specific tasks. Bonuses may also be provided to recognize employee tenure or to attract potential employees to join the organization. Furthermore, organizations often provide allowances as supplementary benefits that support employees' well-being and work performance. These allowances may include benefits such as housing support, retirement contributions, medical coverage, insurance, paid sick leave, car allowances, company mobile phones, educational support, and travel reimbursement. Overall, financial rewards play a critical role in motivating employees and reinforcing behaviors that contribute to the achievement of organizational goals.

In contrast, non-financial rewards refer to non-monetary incentives that organizations use to motivate employees without providing direct financial compensation. These rewards are often associated with social recognition, job satisfaction, and opportunities for personal and professional development. According to Mellyana et al. (2021), non-financial reward systems encourage employees to demonstrate creativity, innovation, and commitment to their work responsibilities, which ultimately leads to increased motivation and improved performance.

Non-financial rewards can be implemented through various job-related practices such as job enrichment, employee participation, empowerment, job autonomy, job rotation, and job security. These practices enhance employees' work experiences by providing meaningful tasks, greater responsibility, and opportunities to develop knowledge and skills. When employees are given autonomy and opportunities for growth, they are more likely to feel engaged and motivated in their work.

Recognition also plays an important role as a form of non-financial reward. Recognition refers to the acknowledgment and appreciation of an employee's performance, achievements, or contributions toward organizational goals. It may be delivered formally or informally and can be expressed either privately or publicly. Recognition is typically provided in addition to financial compensation and serves as an important motivational factor that reinforces positive work behavior and encourages employees to maintain high levels of performance.

2.2 Key Performance Indicator

Performance is generally defined as the outcome or achievement resulting from the completion of specific tasks within a given period of time. According to Bernardin and Russell (1993), performance represents a record of the results obtained from the execution of particular job responsibilities or activities during a specified timeframe. Similarly, Noorazem et al. (2021) describe performance as the level of achievement demonstrated by individuals or organizations, which can be evaluated periodically in terms of both quality and quantity. These evaluations are typically based on predetermined objectives, standards, and performance criteria established by the organization. In organizational settings, performance reflects how effectively employees carry out their responsibilities in accordance with the authority and duties assigned to them.

Performance measurement is an essential component of the performance management cycle. It involves a systematic process of evaluating progress toward achieving predetermined organizational goals. According to Pakkanna (2023), performance measurement includes assessing the efficiency of outputs produced, the quality of services delivered, and the overall outcomes of programs or activities implemented within an organization. Through performance measurement, organizations are able to monitor productivity, identify areas for improvement, and ensure that employees' contributions align with strategic objectives.

One of the most widely used tools in performance management is the Key Performance Indicator (KPI). A KPI refers to a measurable value that demonstrates how effectively an organization or individual is achieving key objectives. Adams (2025) defines a Key Performance Indicator as a measurement that signals the underlying drivers or triggers responsible for achieving desired outcomes. By using KPIs, organizations are able to track progress, evaluate performance, and guide decision-making processes in order to improve overall effectiveness.

In organizational performance management, KPIs are often categorized into several dimensions that reflect different aspects of performance evaluation. The financial dimension focuses on unit performance indicators, which assess the financial performance of departments or organizational units. This indicator evaluates the extent to which a unit is able to achieve its financial targets, maintain cost efficiency, and contribute to the financial sustainability of the organization.

Another important dimension is customer focus, which evaluates how well an organization attracts, serves, and retains its customers or clients. In the context of healthcare institutions, this dimension may include employee involvement in hospital programs or marketing activities aimed at increasing patient engagement and satisfaction. These indicators help determine the effectiveness of organizational initiatives designed to improve service quality and strengthen relationships with patients or customers.

The internal process dimension evaluates individual performance within the operational processes of the organization. Individual performance indicators are used to assess how effectively employees carry out their roles and responsibilities in supporting internal workflows and achieving organizational objectives. These indicators ensure that each employee contributes meaningfully to the efficiency and effectiveness of organizational operations.

The learning and growth dimension focuses on the development and improvement of employee capabilities. This dimension measures the progress of individuals or teams in terms of skill enhancement, knowledge acquisition, and the achievement of professional development goals. Continuous learning and growth are essential for improving organizational performance and ensuring long-term sustainability.

Another important KPI component is the position index, which reflects the level or rank achieved by individuals or teams within an organization. This indicator evaluates how successfully employees perform in relation to their professional position and career progression. The position index helps organizations assess the alignment between employee competencies, responsibilities, and the expectations associated with their roles within the organizational structure.

Overall, Key Performance Indicators serve as an important framework for monitoring employee performance, guiding strategic decision-making, and ensuring that organizational objectives are achieved effectively.

2.3 Work Motivation

Work motivation refers to the internal and external factors that stimulate individuals to perform tasks and achieve organizational goals. One widely used instrument for measuring work motivation is the Toro Work Motivation Questionnaire (WMQ). According to Rubiano-Moreno et al. (2023), the WMQ categorizes work motivation into two primary dimensions: intrinsic motivation and extrinsic motivation.

Intrinsic motivation refers to motivation that originates from internal psychological drives, where individuals engage in work activities because they find them meaningful, satisfying, or personally fulfilling. Within the WMQ framework, intrinsic motivation consists of several components, including achievement, power, affiliation, self-actualization, and recognition. Achievement reflects an individual's desire to accomplish challenging goals and attain personal success through work performance. Power refers to the aspiration to influence others, exercise authority, and take leadership roles within the workplace. Affiliation represents the need to establish positive relationships and social interactions with colleagues. Self-actualization relates to the individual's drive to realize personal potential and achieve personal growth through work activities. Recognition refers to the desire to receive appreciation or acknowledgment from others for contributions and accomplishments in the workplace.

In contrast, extrinsic motivation arises from external factors that influence an individual's willingness to perform work-related tasks. These external factors include organizational conditions, work environment, and tangible rewards provided by the organization. According to Rubiano-Moreno et al. (2023), extrinsic motivation within the WMQ framework includes several elements such as supervision, work groups, job content, salary, and advancement opportunities. Supervision refers to the leadership style and level of support provided by supervisors, which may influence employees' motivation to perform their duties. Work groups describe the interactions and dynamics within teams that can enhance or reduce employee motivation. Job content relates to the nature and quality of the work itself, including the complexity of tasks, level of responsibility, and the opportunities to apply skills and knowledge. Salary represents the financial compensation employees receive in exchange for their work, which can significantly influence motivation. Advancement opportunities refer to the potential for career development, promotion, and professional growth within the organization.

The concept of work motivation is also closely associated with Herzberg's Two-Factor Theory, also known as the Motivator-Hygiene Theory, proposed by Frederick Herzberg in 1959. This theory explains that employee motivation is influenced by two different categories of factors: motivator factors and hygiene factors. According to Yew Qing and Teo (2024), the theory suggests that these two groups of factors operate independently in influencing employee satisfaction and motivation in the workplace. Motivator factors are related to aspects of the job that generate satisfaction and encourage individuals to perform better. In contrast, hygiene factors are associated with the work environment and organizational conditions that prevent dissatisfaction but do not necessarily create motivation.

Ayalew et al. (2021) further explain that motivator factors include elements such as achievement, recognition, the work itself, responsibility, and opportunities for advancement or personal development. Achievement refers to the successful completion of tasks or goals assigned to employees. Recognition involves acknowledgment and appreciation for employees' contributions or accomplishments. The work itself refers to the meaningfulness and challenge of the tasks performed. Responsibility relates to the level of accountability and authority given to employees in performing their duties. Progress or development reflects

opportunities for employees to grow professionally and improve their skills within the organization.

Motivation is inherently dynamic because it involves an individual's effort to move from a current state toward a more desirable future condition. Pincus (2023) suggests that motivation reflects a continuous process in which individuals strive to improve their circumstances and achieve better outcomes. Similarly, Locke (1997), as cited in Gollwitzer and Oettingen (2020), explains that motivation is influenced by goal orientation, personal volition or free will, and individuals' perceived needs and desires. These factors shape the actions individuals take in relation to themselves, their work environment, and the broader organizational context. Although this definition captures key aspects of motivation, it remains subject to ongoing discussion and refinement within the literature, as various scholars propose alternative interpretations of motivational processes (Chigbu et al., 2023).

3. Research Methodology

3.1 Research Design

This research is an observational analytic study with a cross-sectional design where the researcher does not intervene on variables and measurement, or observation of variable data is only done once. This study was conducted with the aim of knowing the effect of the implementation of a KPI-based reward system on employee motivation at the Hospital of Indonesia.

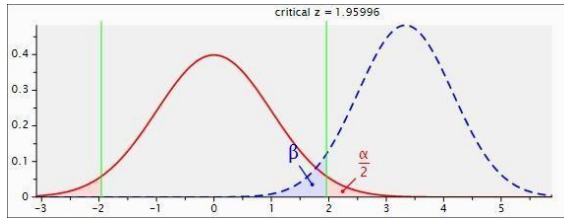
3.2 Research Variables

The research variables consist of the independent variable of the Key Performance Indicator-based reward system and the dependent variable of employee Work Motivation.

3.3 Sample and Sampling Technique

The population of this study was employees of the Hospital in Indonesia, totaling 657 people, consisting of Medical Staff, Health Workers, and Non-Health Workers. By using a non-probability sampling technique, convenience sampling type as a sampling method, where the sample is selected freely, if a member of the population is found who is willing to become a respondent, and in accordance with the criteria determined by the researcher (Mellyana et al., 2021).

Furthermore, the determination of sample size in this study using the G*Power v 3.1.9.4 application with an odds ratio of 2.33; α err prob 0.05; and Power (1- β err prob) 0.95 obtained the calculation results:



*Critical z: 1.9599640 Total
 sampling size: 191
 Actual power: 0.9514907*

So, from this data, it is estimated that the number of samples needed in this study is 191 respondents.

3.4 Location and time of research

The research location was at the Hospital of Indonesia, and was conducted on August 26 - September 5, 2024.

3.5 Data Collection and Data Collection Procedure

Data collection in this study used a questionnaire with a Likert scale measurement scale of 1-4 (strongly disagree-strongly agree) (Mellyana et al., 2021).

Data collection was done in stages:

- 1) Research measurement tool preparation stage
- 2) Data collection stage
- 3) Coding of data collection results
- 4) Data analysis stage using the help of the SPSS application

3.6 Data Analysis Technique

A simple linear regression analysis test is used to test the effect of the KPI-based reward system on employee motivation. The formula used is: $Y = a + bX$

Description:

Y = Employee performance

X = Work motivation

a = Constant

b = Regression coefficient

4. Results

Based on the results of research that has been conducted on the scope of employees at the Hospital of Indonesia on August 26 - September 5, 2024, the following results were obtained:

No.	Respondent Demographic	Category	Frequency	Percentage %
1.	Age	<25 Years	13	6,8
		25-34 Years	105	55,0
		35-49 Years	62	32,5
		>= 50 Years	11	5,8
		Total	191	100,0
2.	Gender	Male	28	14,7
		Female	163	85,3
		Total	191	100,0

No.	Respondent Demographic	Category	Frequency	Percentage %
3.	Work Period	<5 Years	56	29,3
		5-10 Years	54	28,3
		>10 Years	81	42,4
		Total	191	100,0

Frequency Distribution of Respondents Based on Work Unit

		Work Unit			Cumulativ e Percent
		Frequency	Percent	Valid Percent	
Valid	Service	147	77,0	77,0	77,0
	Non-Service	44	23,0	23,0	100,0
	Total	191	100,0	100,0	

Percentage of Motivation Level by Work Unit

Work Unit * Work Motivation Crosstabulation

		Work Motivation			
		Enough	Good	Total	
Work Unit	Service	Count	42	105	147
		% of Total	22,0%	55,0%	77,0%

Non-Service	Count	11	33	44
	% of Total	5,8%	17,3%	23,0%
Total	Count	53	138	191
	% of Total	27,7%	72,3%	100,0%

Reward Percentage System by Work Unit

Work Unit * Reward System Crosstabulation

		Reward System			Total	
		Not enough	Enough	Good		
Work Unit	Service	Count	5	71	71	147
		% of Total	2,6%	37,2%	37,2%	77,0%
	Non-Service	Count	3	14	27	44
		% of Total	1,6%	7,3%	14,1%	23,0%
Total		Count	8	85	98	191
		% of Total	4,2%	44,5%	51,3%	100,0%

Work Motivation Level

Variables	Category	Sum	%
Motivation	Enough	53	27,7
	Good	138	72,3
	Total	191	100,0

Based on the questionnaire, employee work motivation is divided into 3 categories, namely good, sufficient, and lacking. From the table above, it is known that there are no employees at the Hospital of Indonesia who show a low level of work motivation, and most employees show a good level of work motivation (72.3%).

Implementation of the Reward System

Variables	Category	Sum	%
Reward System	Not Enough	8	4,2
	Enough	85	44,5
	Good	98	51,3
	Total	191	100,0

Based on the Reward System questionnaire, it is known that the implementation of the Reward System at the Hospital of Indonesia is good (51.3%).

Linear regression model analysis is carried out to determine the extent of the influence of the independent variable on the dependent variable. The results obtained using the following table:

Analysis Result

Coefficients^a

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	1,597	,116		13,769	,000
	Reward System	,456	,046	,587	9,972	,000

a. Dependent Variable: Motivasi Kerja

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13,201	1	13,201	99,435	,000 ^b
	Residual	25,092	189	,133		
	Total	38,293	190			

a. Dependent Variable: Motivasi Kerja

b. Predictors: (Constant), Reward System

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,587 ^a	,345	,341	,364

a. Predictors: (Constant), Kat_Reward

Based on the table above, the significance value <0.05 indicates that there is a significant effect of the Reward System implementation on increasing employee Work Motivation. Furthermore, the B value on the Reward System variable shows a number of 0.456, which means that every 1% increase in the Reward System will increase Work Motivation by 0.456 as well. The result of the R Square value shows a value of 0.345 and can be interpreted that the effect of the Reward System on Work Motivation is 34.5% while 65.5% of employee Work Motivation is influenced by other variables.

5. Discussion

Based on the results of research conducted at the Hospital of Indonesia from August 26 - September 5, 2024, the following results were obtained

Most respondents were aged 25-34 years (55.0%), followed by 35-49 years (32.5%). Only 6.8% of respondents were under 25 years old, and 5.8% were over 50 years old. This age distribution indicates that the majority of employees are in the early to mid-career stage. Respondents were dominated by women (85.3%), while men were only 14.7%. This reflects the unbalanced gender proportion in this work environment, with the majority of employees being female. Most respondents had more than 10 years of service (42.4%), followed by less than 5 years (29.3%) and 5-10 years (28.3%). This shows that many employees have been working at the Hospital of Indonesia for a long time, which may be related to the stability and high work experience among them. Respondents were found to be dominated by service units as much as 77% and non-service units 23% with a percentage of good work motivation more dominant than service units 55% and non-service 17.3%. For the reward system, 37.2% of service units stated that it was good, and 14.1% of non-service units stated that it was good, with a total dominance of 51.3%.

This finding indicates that the workforce in the service sector is more numerous than in the non-service sector, which could be influenced by the greater need for human resources in providing direct services to the community (Noorazem et al., 2021). Rewards play an important role in increasing work motivation, as suggested in Adams' equity theory, which emphasizes the importance of perceived fairness in workplace reward systems (Adams, 2025). Organizations that reward fairly and proportionately tend to have higher levels of job satisfaction, especially in work-intensive units such as service units (Noorazem et al., 2021).

The questionnaire results show that 72.3% of employees are in the good work motivation category, while 27.7% are in the sufficient work motivation category. There are no employees who have low work motivation, which indicates that the majority of employees have high or sufficient motivation. This can be a positive indication for the work environment and managerial policies in the hospital.

From the results of the questionnaire regarding the Reward System, 51.3% of respondents considered the implementation of the reward system to be good, while 44.5% considered it sufficient, and 4.2% considered it not yet. This shows that most employees feel that the reward system implemented is adequate and running well, although it still needs to be improved. (Sudarsono et al., 2021) states that motivation is an action to influence others to behave regularly. Meanwhile, (Baig et al., 2022) states that motivation is a force from within or outside humans to encourage enthusiasm to pursue certain desires and goals.

(Sudarsono et al., 2021) states that motivation is a factor that encourages a person to carry out a certain activity; therefore, motivation is often also defined as a factor driving a person's behavior. Every activity carried out by someone must have a factor that encourages this

activity (Mellyana et al., 2021).

The regression analysis results show that the significance value of the effect of the Reward System on Work Motivation is <0.05 , which means there is a significant effect. The coefficient B of 0.456 indicates that every 1% increase in the application of the Reward System will increase Work Motivation by 0.456.

The R Square value of 0.345 indicates that 34.5% of the variation in Work Motivation can be explained by the Reward System variable. The remaining 65.5% of variations in Work Motivation are influenced by other factors not included in this model. This shows that although the Reward System has a significant influence, there are other factors that also play a role in determining employee work motivation.

These findings are consistent with the Self-Determination Theory as updated by (Martela, 2020), which posits that work motivation increases when the three basic psychological needs, competence, autonomy, and relatedness, are fulfilled through a clear and transparent reward system. In the hospital context, a fair and KPI-based reward system can serve as an essential stimulus for fostering people's intrinsic motivation (Martela, 2020). This is further reinforced by the Goal Setting Theory proposed by (Thin, 2024)), which states that specific and challenging goals such as those embedded in KPIs can enhance performance when supported by a well-aligned and structured reward system.

Furthermore, the Expectancy Theory, as expanded by (Wang & Xue, 2022), suggests that individuals are motivated when they believe that their effort will lead to good performance, which in turn will result in desirable rewards. Within the context of a hospital's reward system, if people perceive that their hard work is recognized through clear and measurable indicators, their drive to perform better will naturally increase. Meanwhile, the updated Organizational Support Theory (Jeong et al., 2023) emphasizes that employees' perceptions of organizational support, including fair and consistent reward practices, significantly affect their motivation and work commitment. When rewards are perceived as a genuine form of recognition from the hospital, people's sense of belonging and loyalty to the institution will be strengthened.

The author's opinion is that these findings should be understood as a new dynamic in nursing human resource management, where an objective, measurable, and structured reward system can serve as an intrinsic motivational trigger, independent of the affective aspect of job satisfaction. In other words, work motivation may not necessarily arise from emotional satisfaction, but rather from the perceived fairness, clarity, and growth opportunities embedded within the implemented reward system. This implies that a KPI-based reward system has the potential to transcend the traditional pathways of motivation, shifting from purely affective to more cognitive and performance-driven mechanisms. Consequently, this opens up new theoretical space for developing a more contextualized understanding of motivation in hospital work environments and within the health profession.

6. Conclusion

Based on the discussion above, it can be concluded that the KPI-based reward system implemented in the hospital has a significant and positive effect on work motivation. The statistical findings, with a significance value of <0.05 and an R^2 of 0.345, indicate that improvements in the reward system directly contribute to increased motivation levels among employees, although other factors also play an important role. The majority of respondents, particularly those in service units, perceived the existing reward system as fair and adequate, which reflects the effectiveness of performance-based recognition in stimulating work motivation.

Theoretically, these results align with Self-Determination Theory, Goal Setting Theory, Expectancy Theory, and Organizational Support Theory, all of which emphasize that motivation increases when employees experience fairness, clear performance goals, and organizational support. A transparent and well-structured reward system not only satisfies extrinsic needs but also fosters intrinsic motivation by promoting autonomy, competence, and relatedness.

From a managerial perspective, the findings highlight that motivation in nursing does not solely stem from emotional satisfaction but also from cognitive perceptions of fairness, clarity, and professional growth. Therefore, an objective and KPI-based reward system represents a new dynamic in nursing human resource management, capable of enhancing motivation beyond traditional satisfaction models. This study contributes to a more contextual understanding of motivation in hospital environments and provides a practical framework for improving performance and retention among nursing staff.

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