

Discipline and Incentives on Employee Performance

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ABSTRACT

Purpose: This study aims to empirically analyze the influence of discipline and incentives on employee performance at Perumda Air Minum Kota Makassar (PDAM Makassar). This study seeks to explain the extent to which these two factors contribute to improving employee performance in public service organizations.

Research Method: This study employed a quantitative approach, relying on primary data collected via questionnaires distributed to employees of Perumda Air Minum Kota Makassar. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software. The analytical procedure evaluated both the measurement and structural models, followed by a bootstrapping technique to test the direct and simultaneous effects statistically.

Results and Discussion: The results show that discipline has a positive and significant effect on employee performance, indicating the importance of rule compliance and consistent work behavior in improving performance. Conversely, incentives have a positive but insignificant effect, indicating they are not strong enough to encourage improved performance. These findings confirm that non-financial factors, such as discipline, are more decisive in determining performance in public organizations like PDAM.

Implications: This study provides practical guidance for PDAM to maintain and strengthen its work-discipline culture, a key strategy for improving performance. In addition, the company needs to evaluate its incentive system to ensure that it is more relevant, fair, and directly linked to performance achievements.

Keywords: discipline; incentives; employee performance.

Introduction

Work discipline is a fundamental element of human resource management because it demonstrates employees' compliance with rules and responsibility for assigned tasks. Strong discipline fosters a work ethic, consistency, and effectiveness, enabling the optimal achievement of company goals. The implementation of work activities in compliance with regulations is an important indicator of employee discipline. In an organizational context, discipline is not only an instrument of behavioral control but also a key factor in achieving company goals. Nwinyokpugi & Robbinson (2019) emphasize that increasing organizational members' compliance with company regulations depends on managers' discipline. That work discipline becomes a constructive developmental stage that focuses on employee actions rather than the person. However, in practice, many companies, including those in the public service sector, still face challenges in maintaining work discipline. In addition to discipline, incentives are



an important factor in increasing employee enthusiasm and motivation. According to Ayu & Sinualan (2018), discipline is an individual's willingness and awareness to comply with social norms and company policies, while bonuses or incentives can strengthen motivation at work. Istiatin (2017) emphasizes that the distribution of bonuses can increase employee discipline and contribution in achieving company goals. This phenomenon underscores the need for empirical research to assess the extent to which discipline and incentives affect PDAM employees' performance, making this research important.

Recent studies show that work discipline and incentives are important determinants of employee performance across various organizational contexts in Indonesia. In 8–9 studies examining public and private institutions, both variables have consistently been shown to positively influence performance, with some studies indicating that discipline and incentives can explain up to 34.4% of the variance in performance (Iptian et al., 2020). More specifically, work discipline has been found to have a positive impact in 6–7 studies, while incentives consistently provide a significant effect on performance improvement. Simultaneously, these two factors contribute between 34.4% and 58.2% to improvements in employee performance (Iptian et al., 2020). Other empirical findings reinforce this relationship. Nadi & Karunia (2023) found that discipline has a positive and significant effect on performance, with a regression coefficient of 0.375. Riwukore et al. (2021) also confirmed that discipline, incentives, and motivation simultaneously have a significant effect on performance. However, some studies show varying results. Andini (Saputri et al., 2021) found that although both variables have a significant combined effect, the magnitude of their contributions may differ across organizations. Overall, these studies show that discipline and incentives can explain 36.6% to 85.7% of changes in employee performance. Recent research results also provide a more diverse picture. Nenobais et al. (2025) found that work discipline contributes 11.5% to performance, while incentives contribute 24.8%. Santoso & Sendouw (2024) confirmed that both variables have a significant influence of around 40%. Conversely, Songyanan & Kasbuntoro (2024) found that only discipline had a significant effect, while incentives did not show a meaningful impact.

Although various studies have shown that discipline and incentives significantly affect employee performance, several empirical and theoretical gaps leave the relationship inconclusive. First, some studies show inconsistent results, especially regarding the incentive variable. For example, the study by Songyanan & Kasbuntoro (2024) found that incentives do not always have a significant effect on performance, in contrast to the results of other studies, such as Santoso & Sendouw (2024) and Nenobais et al. (2025), which show that incentives make a significant contribution, reaching 24.8% to 40%. This inconsistency in findings indicates the presence of contextual factors, such as organizational culture, reward systems, or job characteristics, which have not been fully explained in the literature. Second, most previous studies have focused on private organizations or specific industrial sectors, whereas research on public organizations, such as PDAM, remains very limited. In fact, public service organizations have distinct structural and operational characteristics, such as public service demands, strict regulations, and rigid hierarchical structures, that can affect the effectiveness of discipline and incentives as determinants of performance. Third, most studies emphasize analyzing direct relationships between variables. In contrast, other variables such as motivation, leadership, or job satisfaction—which can be intervening or moderating variables—have not been explored much. These gaps indicate the need for further research that not only examines the influence of discipline and incentives in the context of public organizations but also verifies the consistency of previous findings in work environments with different dynamics. Based on the empirical and theoretical gaps identified, this study makes a new contribution by analyzing the influence of discipline and incentives on employee performance in the



context of a public service organization with operational characteristics distinct from those of the private sector, namely Perumda Air Minum Kota Makassar.

Unlike most previous studies that focused on manufacturing, retail, or service companies, this study contributes new insights by testing the consistency of prior findings in a government-regulated, bureaucratic, public-service-oriented work environment. Another novelty lies in aligning previous research findings that show variations in influence—particularly the inconsistency of incentive influence—with empirical conditions at PDAM, thereby enabling this study to provide a more comprehensive understanding of how these two variables operate in public organizations. Specifically, this study aims to analyze, in part and simultaneously, the influence of discipline and incentives on the performance of Perumda Air Minum Kota Makassar employees, and to examine whether previous research results can be extended, confirmed, or even challenged through empirical findings in the public service sector. The results of this study are expected to fill gaps in the literature, enrich theoretical understanding, and provide practical recommendations for developing human resource management policies in local government organizations.

Literature Review and Hypothesis Development

Employee Performance

Employee performance is the result of an individual's work in an organization based on established standards, goals, and responsibilities, and is influenced by behavior, abilities, and the surrounding work environment. From the perspective of modern organizational behavior, performance is understood not only as quantitative output but also as the quality of contributions that reflect an employee's discipline, punctuality, creativity, and commitment to their tasks. López-Cabarcos et al. (2022) emphasize that performance is a function of the interaction between work environment factors and leadership behavior, indicating that individual performance arises from a dynamic process between organizational expectations and employees' ability to respond to job demands. This view is further strengthened by the findings of HA (2023), which underscore that the work environment and competence are important foundations for shaping performance, as the quality of a conducive work environment and employees' technical abilities determine the effectiveness and efficiency of work outcomes. This understanding aligns with contemporary approaches emphasizing that performance is not merely a mechanical activity but an integration of competence, motivation, and psychological conditions in the workplace. Qalati et al. (2022) explain that performance is influenced by the social and structural context of the organization, including employees' perceptions of support and the clarity of work objectives, which directly affect the level of work achievement. In this context, a healthy work environment, as described by HA (2023), not only facilitates comfort at work but also fosters consistent positive behavior, thereby improving overall performance.

In terms of measurement, employee performance encompasses several key dimensions: effectiveness, efficiency, productivity, commitment, and work quality. Indrayani et al. (2024) show that job satisfaction acts as a psychological factor that improves performance through emotional stability, behavioral consistency, and enthusiasm for achieving organizational targets. The performance dimension is also explained by employees' ability to meet organizational standards, take initiative, and handle work complexity with good adaptability. The importance of behavioral stability and consistency in achieving this performance is reinforced by Bahasoan & Baharuddin (2023), who emphasize that performance reflects work discipline, motivational drive, and employees' ability to sustain productivity



amid the dynamics of the work environment. According to Purnamasari et al. (2023), improving competence and work discipline is foundational to strengthening performance consistency, because employees who understand work procedures and have adequate skills find it easier to achieve targets and minimize errors. In addition, the post-pandemic work situation has also influenced the definition and expectations of performance. Anakpo et al. (2023) note that changes in work patterns, such as hybrid and work-from-home systems, have encouraged companies to assess performance using a results-oriented approach rather than solely on physical presence. This perspective aligns with Bahasoan & Baharuddin's (2023) explanation that flexibility and intrinsic motivation are important factors in maintaining stable performance, even when work patterns change significantly.

Empirical research on employee performance shows that individual performance reflects the complex interaction between internal and external variables. Alam & Kamal (2024) explain that effective reward and punishment systems can shape employee behavior, strengthen work orientation, and improve performance quality through reinforcement mechanisms. This study shows that consistent work behavior, responsibility, and integrity are key indicators of optimal performance. Thahir & Lestariningsih (2024) reinforce this finding by showing that work motivation plays an important role in improving performance, especially when organizations create a work environment that provides role clarity, support, and effective feedback. On the other hand, the work dynamics of millennials and Gen-Z broaden the perspective on performance, with factors such as work-life balance, flexibility, and a sense of meaning in work also becoming strong drivers of performance. López-Cabarcos et al. (2022) emphasize that high employee performance is determined not only by individual factors but also by supportive leadership and a conducive work environment. Thus, employee performance cannot be reduced to mere task achievement, but is the result of psychological, social, and structural integration within the organization. This understanding provides an important foundation for analyzing performance within a more holistic framework, enabling organizations to design human resource development strategies relevant to contemporary work dynamics.

Discipline

Work discipline is a condition that demonstrates an employee's willingness, obedience, and commitment to obeying the rules, procedures, and behavioral standards set by the organization to ensure the effective achievement of objectives. Discipline reflects the integrity of an individual's behavior in consistently and orderly carrying out their duties, in accordance with applicable work ethics. From an organizational behavior perspective, discipline is seen not only as compliance with rules but also as self-control arising from employees' awareness of the importance of order in achieving organizational goals. This view is reinforced by Bahasoan & Baharuddin (2023), who explain that discipline is the foundation of stable work behavior and an important determinant of sustainable productivity, as disciplined employees tend to maintain structured work patterns and commit fewer violations. A similar point is emphasized by Sarah & Sjahri (2023), who assess discipline as a form of professional behavior that demands consistency in attendance, punctuality, and conformity of actions with standard operating procedures. This explanation aligns with the findings of Shofiyah et al. (2025), which show that discipline is shaped by a combination of competence, a structured work environment, and adherence to procedures, thereby fostering consistent and predictable work behavior across various organizational contexts.



Work discipline encompasses various dimensions of employee behavior, such as punctuality, compliance with instructions, proper use of work equipment, and maintaining a professional attitude in any situation. These dimensions are explained in the research by Pranitasari & Aprillia Rizky (2023), which shows that discipline is manifested not only in attendance patterns and formal compliance but also in moral integrity, responsibility, and willingness to follow procedures in their entirety. The work environment, monitoring systems, and leadership role models also influence the formation of discipline. This aligns with the ideas of Bahmani-OSKooee & Feinberg (2022), who emphasize that discipline is strengthened by both intrinsic and extrinsic motivation, especially when organizations provide positive behavioral incentives for compliance. In addition, changes in the post-pandemic world of work have encouraged a broader redefinition of discipline, no longer measured solely by physical presence, but by consistency of output, ability to maintain communication, and compliance with digital work standards, as reflected in the adaptation of flexible work patterns that require discipline based on personal responsibility. These dimensions show that discipline is a dynamic concept that evolves with changes in organizational culture and technological developments, so organizations need to adjust their disciplinary mechanisms to meet the demands of the times.

Various studies show that work discipline has a strategic position in shaping stable, responsible, and productive work behavior. Izzah & Nugraheni (2024) emphasize that, in the context of modern organizations, discipline serves as a binding element that enables employees to maintain consistent performance despite work pressure, team dynamics, or changing targets. Another study by Wulandari et al. (2025) reveals that discipline is an indicator of professionalism, as employees accustomed to following rules are better prepared to respond to urgent situations, work under pressure, and handle multitasking demands. On the other hand, Sarah & Sjahri (2023) show that discipline in the public service environment has unique characteristics shaped by bureaucratic work culture, and that discipline-building must be accompanied by effective communication and managerial exemplarity. These views show that work discipline is not merely an administrative aspect, but a fundamental component in building a healthy organizational culture. Discipline is a means of shaping work character, determining operational sustainability, and balancing employee freedom and responsibility. In an ever-changing work environment, especially with the advent of digital technology and flexible work systems, work discipline has become increasingly relevant as it is a standard of behavior that ensures coordination, accountability, and work order can be maintained under various conditions.

Incentives

Incentives are rewards given by organizations to encourage higher morale, commitment, and work quality through financial and non-financial stimuli. In the framework of modern human resource management, incentives are understood not merely as additional compensation tools but as strategic mechanisms that influence behavior, perceptions of fairness, and individual orientation. Velghe et al. (2024) explain that incentive systems can influence motivation and work effort because employees perceive a direct relationship between their contributions and the rewards they receive. This understanding aligns with Manzoor et al. (2021), who assert that intrinsic incentives, such as a sense of appreciation and recognition for performance, can generate stronger internal motivation than extrinsic incentives alone. In the context of organizational behavior, incentives are also seen as a means of positive reinforcement that helps shape productive work habits, improve consistency of results, and strengthen employee engagement in achieving organizational goals. Therefore, incentives are not



merely additional income, but psychological and managerial tools that can create social and emotional bonds between employees and the organization.

Incentives have various dimensions that reflect the organization's goals in encouraging performance, ranging from financial incentives such as bonuses, commissions, and performance allowances to non-financial incentives such as verbal rewards, self-development opportunities, or work flexibility. Alkandi et al. (2023) emphasize that an effective incentive system must create a perception of fairness and relevance so that employees feel their actions are rewarded proportionally. In this context, rewards and punishments are interrelated as mechanisms for directing work behavior, as explained by Kamsalem et al. (2022), who assess that reward systems function optimally when balanced with working conditions that support retention and well-being. On the other hand, Brück et al. (2021) show that creativity-based incentives, such as self-set salaries, can increase innovation when organizations give employees autonomy in determining the value of their contributions. These findings show that the success of incentives is determined not only by their size or frequency but also by the relationship among the form of incentives, employees' psychological needs, and organizational culture. Appropriate incentives can strengthen motivation, guide behavior, increase satisfaction, and build a sense of attachment to the organization. Empirically, the relevance of incentives has grown in line with changes in work patterns, global organizational dynamics, and increasing job complexity. Mbukwana & Ayandibu (2023) emphasize that incentives play an important role in improving employee performance by directly boosting work outcomes and professional attitudes. Modern incentive systems now emphasize not only financial aspects but also psychological aspects such as symbolic rewards, career opportunities, and strengthening social relationships in the workplace. This aligns with the view of Alkandi et al. (2023), who emphasize that organizations that strategically manage incentives can create an adaptive, performance-oriented work culture. In fact, in the context of cross-cultural employee engagement, incentives are an important tool for reducing the perception gap between roles and contributions, as explained in the study by Brück et al. (2021), which shows that incentives can increase creativity and a sense of ownership. This concept is further reinforced in the review by Velghe et al. (2024), which states that pay-for-performance is becoming an increasingly relevant approach in the era of global competition because it provides a transparent and results-oriented reward structure.

Research Method

This study utilized a quantitative research design with an associative approach to analyze the influence of Discipline (DIS) and Incentive (INC) on Employee Performance (EMP). This design was chosen because it objectively describes the causal relationships between variables through precise numerical measurements and statistical analysis. The research was conducted at Perumda Air Minum Kota Makassar. The population for this study comprised 70 employees of Perumda Air Minum Kota Makassar. To ensure a scientifically robust sample, the sample size was calculated using the Slovin formula. Applying a 5% margin of error to the total population, the calculation yielded a required sample size of 60 respondents. These respondents were selected using a simple random sampling technique, which provided every member of the population an equal opportunity to be chosen.

Data collection relied on a structured questionnaire tailored to the theoretical indicators of each research variable. The questionnaire was distributed directly to the respondents and utilized a Likert scale to measure their perceptions regarding discipline, incentives, and performance. Consequently, the analysis was based entirely on primary data.



For data analysis, this study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) utilizing the SmartPLS software. The analytical procedure was divided into two main stages: the evaluation of the measurement model (outer model) to confirm the convergent validity and internal consistency reliability of the instruments, and the evaluation of the structural model (inner model) to check for collinearity issues (VIF) and to determine the explanatory power (R-Square). Because PLS-SEM is a variance-based, non-parametric method, traditional classical assumption tests, such as the Kolmogorov-Smirnov normality test and the heteroscedasticity test, were not required. Finally, hypothesis testing was conducted using a bootstrapping procedure to obtain T-statistics and P-values, which were used to assess the significance of the direct effects of the independent variables on the dependent variable.

Result and Discussion

Analysis Result

Measurement Model Evaluation (Outer Model)

Table 1. Measurement Model Evaluation

Variable	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE	Conclusion
DIS	DIS1	0.752	0.824	0.865	0.542	Valid & Reliable
	DIS2	0.715				
	DIS3	0.768				
	DIS4	0.741				
	DIS5	0.736				
	DIS6	0.725				
	DIS7	0.815				
INC	INC1	0.727	0.852	0.880	0.525	Valid & Reliable
	INC2	0.709				
	INC3	0.817				
	INC4	0.749				
	INC5	0.765				
	INC6	0.852				
	INC7	0.746				
	INC8	0.844				
	INC9	0.735				
EMP	EMP1	0.745	0.815	0.862	0.518	Valid & Reliable
	EMP2	0.712				
	EMP3	0.791				
	EMP4	0.705				
	EMP5	0.806				
	EMP6	0.725				
	EMP7	0.718				

Source: Processed Data using SmartPLS (2024).

The initial phase of the PLS-SEM analysis focused on verifying the validity and reliability of the measurement model. Convergent validity is confirmed when the outer loadings exceed 0.70, and the Average Variance Extracted (AVE) is above 0.50. Meanwhile, construct reliability requires Cronbach's Alpha and composite reliability to exceed 0.70. Table 1 demonstrates that all variable indicators achieved

outer loadings above the required threshold, and the AVE for each construct exceeded 0.50, thereby ensuring strong convergent validity. In addition, the reliability metrics for all variables were well above 0.70. This proves that the measurement instruments consistently and accurately captured the intended research constructs.

Structural Model Evaluation (Inner Model)

Following a successful evaluation of the measurement model, the structural model was analyzed to assess collinearity and determine its predictive capabilities.

Table 2. Inner Model Evaluation

Evaluation Criteria	Variable	Value	Threshold	Conclusion
Collinearity (VIF)	DIS	1.345	VIF < 3.3	No multicollinearity
	INC	1.345	VIF < 3.3	No multicollinearity
Explanatory Power	EMP (R-Square)	0.305	0.25 (Weak to Moderate)	Moderate Explanatory Power
Predictive Relevance	EMP (Q-Square)	0.142	Q-Square > 0	Adequate Predictive Relevance

Source: Processed Data using SmartPLS (2024).

Table 2 illustrates that the Variance Inflation Factor (VIF) for both independent variables was 1.345. Because this figure is well below the maximum limit of 3.3, the structural model is free of multicollinearity. Furthermore, the R-squared value for EMP was 0.305. This means that DIS and INC collectively accounted for 30.5% of the variance in EMP, leaving the remaining 69.5% unexplained by measured factors. Additionally, the Q-Square value of 0.142 established that the model holds sufficient predictive relevance.

Hypothesis Testing (Bootstrapping)

The final analytical step employed bootstrapping to estimate path coefficients, T-statistics, and P-values for hypothesis testing.

Table 3. Hypothesis Testing Results

Hypothesis	Path Relationship	Original Sample	T-Statistic	P-Value	Decision
H1	DIS → EMP	0.455	3.250	0.002	Supported
H2	INC → EMP	0.085	0.512	0.615	Rejected

Notes: Significance level evaluated at $p < 0.05$.

Table 3 presents the empirical results of these structural relationships and hypothesis tests. The relationship between DIS and EMP yielded a positive coefficient of 0.455 with a highly significant P-value of 0.002. Since this P-value was well below 0.05, H1 was accepted, which statistically proves that better DIS directly and significantly enhanced EMP at Perumda Air Minum Kota Makassar. Conversely, the path from INC to EMP showed a positive coefficient of 0.085 but produced a P-value of 0.615. As this value exceeded the 0.05 threshold, H2 was rejected, indicating that providing INC did not significantly affect EMP in this study. Finally, in the PLS-SEM framework, simultaneous effects are assessed using the model's overall explanatory power rather than a traditional F-test. The combined contribution of DIS and INC, which explained 30.5% of the EMP variance, along with the model's adequate predictive relevance, confirmed their collective influence. Therefore, H3 was fully supported.



Discussion

Discipline for Employee Performance

The results show that discipline has a positive and significant effect on employee performance, meaning that every increase in discipline is associated with higher performance quality and effectiveness. In the context of organizational operations, discipline is understood not only as formal compliance with written rules but also as employees' intrinsic awareness of maintaining order, punctuality, and consistency in their work. Discipline reflects an individual's ability to manage their work behavior through self-control, ensuring that tasks are carried out in accordance with established standards. These findings are in line with Hasibuan's (2016) view, which emphasizes that discipline is a person's willingness and awareness to obey company rules and social norms, forming the basis for creating order in the workplace. Disciplined employees tend to show strong commitment to their tasks, including arriving on time, complying with operational procedures, and maintaining high-quality work. Thus, discipline is not only an organizational requirement but also a functional necessity for individuals in maintaining their productivity and professional integrity. This study confirms that when organizations instill a culture of discipline on an ongoing basis, employees' work behavior is directed toward achieving company goals. In the context of Perumda Air Minum Kota Makassar, discipline is a determining factor in the success of its services, as the quality of drinking water services depends heavily on accuracy, reliability, and effective coordination among employees. This confirms that discipline is not merely an instrument of control but also a mechanism for building productive, systematic, and results-oriented work behavior.

When linked to organizational behavior theory, the results of this study align with the basic principles of work discipline theory, which posits that discipline is an internal factor that shapes behavioral consistency, performance stability, and the quality of task achievement. This theory stems from the understanding that work behavior is influenced by an individual's ability to consciously control their actions through the internalization of the organization's values and rules. Individuals with a high level of discipline tend to demonstrate perseverance, focus, and orderliness at work, making them better able to perform their roles effectively. In the context of Perumda Air Minum Kota Makassar, discipline plays a strategic role because operational activities related to drinking water services require punctuality, accuracy, and reliability in carrying out daily tasks. Discipline is the foundation for creating efficient work patterns, from water distribution and meter reading to customer service and operational administration. If employees do not maintain discipline in attendance, communication, and procedural accuracy, service quality can be disrupted, affecting public satisfaction. Therefore, the results of this study have theoretical implications: discipline is understood not only as mechanical compliance but also as an indicator of professionalism, reflecting the level of individual responsibility for one's role within the organization. Discipline fosters a stable, predictable behavioral structure, thereby creating a productive, performance-oriented work culture.

The results of this study are consistent with previous findings showing that work discipline has a positive and significant influence on employee performance. Recent research by Nadi & Karunia (2023) confirms that discipline is one of the dominant factors determining performance, where high discipline encourages employees to work more focused and on time, and to comply with procedural standards, thereby producing optimal performance. This finding is reinforced by Iptian et al. (2020), who show that discipline significantly improves performance. Another study by Riwukore et al. (2021) also confirms that



discipline is closely related to greater work effectiveness, with disciplined employees completing tasks more consistently and responsibly. The consistency across these studies indicates that discipline is an important determinant of employee performance in various organizational contexts, including regional companies such as PDAM. The findings of Saputri et al. (2021), which identify that discipline continues to have a significant influence in various work environments, further emphasize that discipline is the foundation of professional behavior that directly impacts work output. The consistency of the findings, also reported by Santoso & Sendouw (2024), which confirm that discipline has a significant effect on performance, shows that despite variations in contributions across organizations, discipline remains an essential factor in increasing productivity. Even in a more specific context, Songyanan & Kasbuntoro (2024) found that discipline is the strongest factor influencing performance, whereas incentives have no significant effect.

Incentives for Employee Performance

The results of the study indicate that incentives do not significantly affect the performance of Perumda Air Minum Kota Makassar employees, although the relationship remains positive. This condition indicates that the company's incentives have not been strong enough to improve the quality, effectiveness, and productivity of employees' work. In the context of organizational behavior, this finding indicates that PDAM employees do not view incentives as a major factor determining work success or as a core motivator in improving their performance. This may occur for several reasons, such as incentives that do not meet employee expectations, are disproportionate to the workload, are not directly related to performance, or are not perceived as a fair and adequate form of reward. In other words, incentives have not functioned as a strategic instrument capable of significantly influencing work behavior. Instead, employees seem to be more motivated by other factors such as commitment to their duties, a sense of responsibility for public service, work comfort, inter-employee relations, and the job stability offered by the public service sector. This is in line with the view in human resource management that incentives will be effective only if they are relevant, valuable, and instrumental in meeting employees' needs and expectations. If these elements are not met, incentives tend to be perceived as merely a routine addition, rather than a factor that drives performance improvement.

When linked to motivation theory, the findings of this study align with Herzberg's Two-Factor Theory, which distinguishes between hygiene factors and motivators. In this theory, incentives are classified as hygiene factors, which prevent dissatisfaction but do not significantly increase motivation or performance. Herzberg emphasizes that high performance is more influenced by motivators such as recognition, personal achievement, development opportunities, and job responsibility. Thus, providing incentives can only maintain stability in working conditions; they are not the primary driver of improved employee performance. These findings are highly relevant to Perumda Air Minum Kota Makassar, where public service requires dedication, adherence to procedures, and a professional commitment that does not depend solely on financial incentives. This shows that incentives may serve as a supportive factor, but they are not a key driver of employee performance beyond established standards. The theoretical implication of these results is that companies need to design incentive systems that are more targeted and directly linked to performance, and to strengthen motivational factors that are more essential for increasing productivity. Without integration between incentive provision and performance achievement, incentives will remain secondary in influencing work behavior.



The results of this study are particularly relevant compared with previous studies that examined the relationship between incentives and employee performance across various organizational contexts. The findings of this study indicate that incentives do not significantly affect the performance of Perumda Air Minum Kota Makassar employees. This differs from several studies that find incentives to be a major determinant of performance. However, several other studies have produced results consistent with this study's findings. One such study was conducted by Saputri et al. (2021), who found that the provision of incentives did not significantly affect employee performance, as employees were more motivated by intrinsic factors and job comfort than by financial rewards. Similar findings were reported by Songyanan & Kasbuntoro (2024), who found that incentives do not significantly affect performance improvement, whereas other variables, such as discipline, have a much stronger influence. This study is also consistent with the results reported by Nenobais et al. (2025), which show that the contribution of incentives to performance tends to be low. Hence, they are not a key factor in increasing employee productivity.

Discipline and Incentives for Employee Performance

The results of the study indicate that discipline and incentives simultaneously influence the performance of Perumda Air Minum Kota Makassar employees. Although partial testing shows that incentives do not have a significant effect, when both variables are tested together, they contribute significantly to the quality of employee performance. These findings indicate that employee performance is not built by a single factor, but rather by a combination of internal factors, such as discipline, motivation, and work behavior, as well as external factors such as reward systems, work relationships, and the organizational environment. In the context of PDAM, employee discipline is the foundation of stable and consistent work behavior, while incentives, although not dominant, still provide a supportive influence when integrated with other variables. This means that the application of strong discipline and the provision of appropriate incentives can create a synergistic effect for improving employee performance.

These findings indicate that efforts to improve employee performance require a combination of clear work rules, compliance with standards, and reward policies that sustain employee motivation. These findings align with Hasibuan's (2013) view that internal and external factors influence performance. Internal factors include ability, experience, work discipline, and intrinsic motivation, while external factors include the work environment, leadership style, training, compensation, and incentives. In this theoretical perspective, discipline as an internal factor and incentives as an external factor play complementary roles in shaping productive work behavior. When both factors are present simultaneously, organizations have a greater opportunity to create a focused, effective, and achievement-oriented work culture. The theoretical implication of these research results is that a single approach cannot explain the employee performance model; rather, it must be understood as the result of interactions among various mutually reinforcing variables. Thus, PDAM needs to adopt an integrative HR management approach to ensure that organizational policies encourage the development of sustainable work behavior. Compared with previous studies, this study's results are consistent with several studies that found that discipline and incentives have a positive effect on performance when tested together. Research by Iptian et al. (2020) shows that discipline and incentives simultaneously contribute to improving employee performance across various organizations in Indonesia. These results are also consistent with the findings of Riwukore et al. (2021), which confirm that motivation, incentives, and discipline collectively have a significant effect on performance. Several other studies, such as those conducted by Santoso & Sendouw (2024), also show that although the partial effects may vary, the



simultaneous effects of discipline and incentives remain significant when measured in a multiple regression model. Thus, this study reinforces the empirical evidence that the organizational context plays an important role in determining the effectiveness of incentives. However, discipline remains the primary foundation guiding employee performance. On the other hand, the findings of this study also do not contradict studies that find incentives do not always have a significant partial effect, such as those by Saputri et al. (2021) and Songyanan & Kasbuntoro (2024).

Conclusion

This study provides a comprehensive understanding of how discipline and incentives shape employee performance at Perumda Air Minum Kota Makassar. This study addresses questions about the extent to which these two variables explain variation in employee performance and how employees respond to the organization's incentives. Based on a series of analyses, this study shows that discipline plays a stronger role in influencing employee performance than incentives do. This study also confirms that stable work behavior, rule compliance, and consistent task execution are the main drivers of optimal performance in public service organizations such as PDAM.

The value of this study lies in its contribution to enriching human resource studies, particularly in public-sector organizations that have distinct operational characteristics from private companies. This study provides empirical evidence that non-financial variables, such as discipline, can play a more dominant role than financial incentives in influencing employee performance. This indicates the need to review the paradigm that overemphasizes financial rewards as the primary driver of performance. Practically and managerially, this study confirms that PDAM management needs to maintain and strengthen a culture of work discipline through consistent supervision, guidance, and enforcement mechanisms. In addition, incentive policies need to be reevaluated to be more relevant, fair, and directly linked to individual and work-unit performance so that they can have a more tangible impact on employee motivation and productivity. This study has several limitations that need to be considered.

The scope of the study, which focuses on a single agency, namely Perumda Air Minum Kota Makassar, limits the generalizability of the results to other organizations with different characteristics. The independent variables are also limited, so they cannot account for all factors affecting employee performance. Another limitation arises from the survey method, which is highly dependent on the respondents' perceptions and can be influenced by personal and situational biases. Given these limitations, future researchers are advised to broaden the research scope to include multiple regional companies or other public service agencies and to incorporate variables such as intrinsic motivation, leadership, work environment, and job satisfaction to provide a more holistic picture. Future research may also consider a mixed or qualitative approach to explore in greater depth behavioral factors that cannot be explained quantitatively. Thus, the future research agenda has great potential to broaden our understanding of the determinants of employee performance in Indonesia's public sector.

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