Effect of Reward, Work Environment, and Motivation Towards Performance of the Millennial Generation in The Central Bureau of Statistics of East Kalimantan Province

Indah Cahyani¹*, Rahmawati², Milwan³
¹Central Bureau of Statistics East Kalimantan Province, Indonesia
²Department of Management, Faculty of Economics and Business, Universitas Mulawarman, Indonesia
³Department of Public Administration, Faculty of Law, Social Sciences and Political Sciences, Universitas Terbuka, Indonesia

*corresponding author e-mail: indchys@gmail.com

Abstract

A success of a work organization is strongly influenced by employee performance. To achieve this success requires a strong foundation from its employee, including the motivation that can be supported from the organization's work environment and rewards. For the Central Bureau of Statistics (Badan Pusat Statistik/BPS) in East Kalimantan Province, this is a challenge to achieve higher work performance and compete with other districts/cities in Indonesia. From the following studies rewards, work environment, and motivation influence the performance of the employee. This study aims to analyze the influence of the rewards and work environment and the effect of motivation on performance on the millennial generation within the BPS of East Kalimantan Province. The population in this study were all employees of the BPS of East Kalimantan Province. The data was collected using an electronic questionnaire to the respondents.

Findings. The result of the study conclude that reward and work environment have a positively significant influence on motivation. Motivation also has a significant influence on the performance. This research work will help the BPS in East Kalimantan Province accordingly frame their strategies for decision-making to improve the employee's performance.

Keywords: Reward; Work environment; Motivation; Performance; Structural equation modelling

JEL Classification: L2, L20, L22

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1. Introduction

Every organization constantly strives to build the performance of its members in various ways. This is one of the organization's efforts to create better human resources. However, there are times when the organization/company does not understand how to maximize members/employees' performance. In 2018, BPS made a breakthrough in the form of transforming human resources using the 360 method work behavior assessment application. For BPS employee performance appraisal, two important aspects will be determined, namely employee performance targets (SKP) which have been integrated with organizational performance indicators and assessment of BPS Employee Work Behavior uses the 360 appraisal feedback method which is carried out within a certain period. BPS of East Kalimantan Province has received results from the
performance appraisal of 360 performance in 2018 with quite good results but not yet perfect, still below the value range of 80. This certainly raises questions about how the performance conditions of employees in BPS organization are East Kalimantan Province itself.

BPS in the work unit of the province of East Kalimantan has 150 employees in the Millennial Generation group out of a total of 313 employees. Of the total employees, around 48 percent of the employees spread across 10 district / city offices and the East Kalimantan provincial office are in the Millennial Generation group. In the last five years (2015 - 2018 period) BPS in East Kalimantan province had experienced a significant increase in the acceptance of civil servants who graduated from the College of Statistics. It was recorded that in 2015, the province of East Kalimantan received 41 candidates for civil servants (CPNS). This amount is the quota for the placement of the highest civil servant candidate (CPNS) of all provinces in Indonesia. With the addition of a large number of new employees, the Central Bureau of Statistics in the province of East Kalimantan has a very high chance of maximizing this millennial generation's abilities.

An organization / company needs motivation from its employees to achieve company goals. Multi-dimensional motivation is a combination of many factors. Each individual has likes and dislikes, passions, hobbies and desires (Hazra et al., 2015). Frederick Herzberg's theory of motivation states that there are two sets of conditions that affect a person at work, namely intrinsic and extrinsic. Intrictive factors relate to aspects that come from within themselves that describe a person's relationship with what he does or what is called job content. Meanwhile, extrinsic factors are factors that come from outside the self which are called the job context. Herzberg's two-factor theory assumes that only a few job traits and characteristics can motivate employees (Hartatik, 2015). Organizational success depends on the manager's ability to create an environment that can motivate employees (Olanye & Eyela, 2017).

According to (Kawamichi et al., 2016) states that an increase in social interactions' frequency is associated with increased pleasure and activation of the reward system. Employees may be rewarded with something tangible such as a cash bonus, or an intangible form such as public praise or recognition because they have displayed an attitude they feel is emulation. Determining the criteria for how an award should be given to employees has been studied as one of the main challenges in designing an effective reward system (Olanye & Eyela, 2017). According to (Smith et al., 2015) company employees rate appreciation as a motivator in their work environment. In his research, Smith said that the rewards offered by the company made employees satisfied. Aruan (Aruan & Fakhri, 2015) states that a comfortable impression of the work environment can reduce boredom and boredom at work. Motivation and job satisfaction can certainly be increased by this comfort.

According to (Putra & Wikansari, 2017), performance comes from the word job performance or actual performance, namely the work performance achieved by someone. The quality and quantity of work results of an employee who performs his function in accordance with the responsibilities is another definition of performance. It also states that the better a company provides motivation, the better the employee's work performance. In his research, it was also said that every employee has a variety of work motives and work abilities so that leaders must understand the strengths and limitations of their employees. The leadership must also provide motivation to employees such as leniency in working time, rotation and promotion, as well as giving rewards to employees who are diligent in carrying out their duties.

According to Andrea, generation Y is known as the millennial generation or millennials. The characteristics of the Millennial Generation according to (Andrea et al., 2016) are: the characteristics of each individual are different, depending on where they grew up, their economic and social strata, their communication patterns are very open compared to previous generations,
fanatical social media users and their lives are very influenced by technological developments, more open to political and economic views, so that they seem very reactive to changes in the environment that occur around them, have more attention to wealth. According to data from BPS published on the bps.go.id website, the number of Indonesians aged 20 to 40 in 2020 is 83 million or 34% of Indonesia's total population 271 million. This proportion is bigger than the proportion of generation X, which is 53 million (20%) and the baby boomer generation, which only has 35 million (13%). Currently, 50% of Indonesia's productive age population comes from the millennial generation, and in 2020 to 2030, it is estimated that the number will reach 70% of the population of productive age.

**H1**: Rewards have a positive effect on motivation in the millennial generation in BPS.

Olanye & Eyela (2017) states that the reward system is very important for an organization's success and continuity in the era of globalization. Rewards can build commitment, motivate employees and create a feeling of belonging. Acceptance and ownership are basic human needs that can be satisfied through a reward system, reducing turnover rates and increasing an organization's retention capacity. Employees who are rewarded do not appear to generate conflict and ambiguity in their roles to some degree, as they can control their work environment because they are motivated. The results of this study looked at the hypothesized rewards that would affect employee performance. The results of this study are sufficient to support the hypothesis in which there is a conclusion that rewards can affect employee motivation. The difference between the research in this paper and the research is that there are other variables that have an influence on employee motivation, namely work environment variables. In addition, motivation in Olanye's research functions as an independent variable, while in this study it functions as an intermediary variable. While the equation lies in the results of the research which states that rewards will affect motivation, which is the hypothesis proposed in the study.

To & Tam (2014) reveals the relationship between generations, the rewards received in work and satisfaction can be explained in two ways. First, looking at cohorts, young women have higher expectations than older women regarding the opportunity to get various aspects of appreciation and job satisfaction. Younger workers believe that they have ample opportunity to earn money, achieve personal goals and get better work facilities at their employers, so they may be dissatisfied with their current jobs. This study also concluded that extrinsic rewards still have a large influence on job satisfaction among older female migrant workers in China. The results of the study looked at the relationship between generation and reward and job satisfaction. The results of this study are sufficient to support the hypothesis that there is a relationship between generation, reward and job satisfaction. The difference between the research in this paper and the research is that a motivation variable acts as an intermediary that links rewards to employee performance. However, both agreed that the award would affect the performance of several generations of workers, where this would support the basis for research on the millennial generation.

Smith (Smith et al., 2015) states that the relationship between reward and motivation in an organization can be said to be statistically significant. His research indicates the importance of them being rewarded as their contribution to the company. In the same way, all employees agree that they are driven to spur effort in their work in order to earn rewards and believe that employee rewards programs are important to the company. Most employees also agree that recognizing a job well increases discipline and motivation which will affect performance in a positive way. This study examines rewards and motivation which results in the conclusion that rewards can actually increase employee motivation and performance. This is in accordance with the hypothesis that will be examined in this study. The difference lies in the addition of employee performance variables.
which are observed as dependent variables while reward is the independent variable and motivation is the intermediate variable in this study.

H2: The work environment has a positive effect on motivation in the millennial generation in BPS of East Kalimantan Province.

Hsiao & Lin (2018) wrote that conditions in the workplace are related to employees' concrete and psychological resources, which might encourage one's performance and satisfaction at work. When compared with the external environment of the workplace and the internal competence of employees in terms of job satisfaction, based on this research, it can be estimated that new graduates who have just entered the world of work should take the initiative to build their own competencies and the level of competition that is focused on external conditions that have no effect, positive in terms of getting a job as a professional or job satisfaction. His research observes the work environment conditions which concluded that it has a positive effect on employee performance. This is certainly relevant to the hypothesis of this research, namely the work environment that affects employee performance. The difference between the research in this paper and the research is that a motivation variable becomes an intermediary variable between work environment variables as independent variables and employee performance as dependent variables. The similarity between this study and the author lies in the study results, which states that there is an influence between the work environment on employee performance, where this study has a hypothesis about the effect of the work environment on employee performance.

H3: Motivation has a positive effect on the performance of the millennial generation in BPS of East Kalimantan Province.

Shahzadi (Shahzadi et al., 2014) states that art, design or architecture can be a motivational boost, but research respondents did not state this as a direct effect that can affect motivation. However, research respondents stated that these three constructs had an impact when they improved the physical environment in which they worked. The reason stated is that when the physical environment is improved, it can increase morale, mood and influence employees, which of course has an impact on motivation. Some respondents disagreed with this because they were not really interested in the physical environment in their workplace. Employee motivation, employee performance, internal rewards and the level of effectiveness of the training obtained are three variables that are relevant in his research. This research examines art, design, and architecture which do not directly influence motivation. However, there is still an indirect effect. This is relevant to the hypothesis proposed, namely the effect of the work environment on motivation. The research result also states that there is an effect of motivation on employee performance. This study is different from the author's idea of changing the variable structure where the motivation variable is no longer an independent variable but an intermediary variable. While the equation lies in the study results, which states that the work environment will affect employee motivation and performance, which is the hypothesis proposed in the study. Alexandra (Davidescu, 2018) also analyzes the motivational factors that appear in comfort at work and work balance is stated as an important factor in motivation, compared to all aspects of activity.

2. Research Method

The questionnaire used is an online-based questionnaire regarding rewards, work environment, motivation and employee performance. The questionnaire uses a Likert scale as the measurement scale. The variable of appreciation refers to the research of Irum Shaszadi (Shahzadi
et al., 2014) which consists of 5 questions, the work environment variable refers to the research of Hsiao (Hsiao & Lin, 2018) which consists of 6 items, the motivation variable refers to the research of Irum Shazadi (Shahzadi et al., 2014) which consists of 4 variables and performance variables referring to the research of Widyastuti (Widyastuti & Hidayat, 2018) which consists of 7 variables.

The type of data collected is primary data and is quantitative in nature. The population in this study is relatively small, therefore all employees of BPS of East Kalimantan Province aged 25-40 years are sampled. The method used in the sampling is the census method. The primary data obtained in this study is the result of an electronic questionnaire sent via email to employees.

This research uses analysis in the form of descriptive and inferential analysis. Descriptive analysis is in the form of a descriptive table which is the result of the questionnaire. Inference analysis in this study is Structural Equation Modeling (SEM) using Partial Least Square (PLS). Partial Least Squares (PLS) is a powerful analytical method and is often referred to as soft modeling because it eliminates OLS (Ordinary Least Squares) regression assumptions, such as data must be normally distributed multivariate and there is no multicollinearity problem between exogenous variables (Wold, 1985). Basically, Wold developed PLS to test weak theories and weak data such as small samples or data normality problems (Wold, 1982).

PLS uses the principle component analysis method in its measurement model, namely the variant extraction block to see the relationship between the indicator and its latent construct by calculating the total variance consisting of common variance, specific variance and error variance. So that the total variance is high. This method is one of the methods in Confirmatory Factor Analysis (CFA). The consequence of using PLS-SEM is that testing can be carried out without a strong theoretical basis, ignoring some assumptions (non-parametric) and the parameter of the accuracy of the prediction model seen from the coefficient of determination (R-square). Therefore, PLS-SEM is very appropriate to use in research aimed at developing theory (Ghozali, 2015).

![Figure 1. Research Framework](image)

3. Results and Discussions

Respondents in this study were Civil Servants who worked at BPS throughout East Kalimantan in 2019. The total number of respondents in this study were 129 respondents. The characteristics obtained from the results of this study include:
Table 1. Classification of Respondents based on Gender, Position, and Work Unit

| No | Characteristic       | Percentage |
|----|----------------------|------------|
| 1  | Gender               |            |
|    | Male                 | 34.11      |
|    | Female               | 65.89      |
| 2  | Position             |            |
|    | Functional           | 79.07      |
|    | Structural           | 20.93      |
| 3  | Work Unit            |            |
|    | Regency/City BPS     | 73.64      |
|    | Provincial BPS       | 26.36      |

Source: Analysis Result, 2020

Based on the table, it can be seen that out of the 129 respondents studied, 44 male respondents (34.11 percent) and 85 female respondents (65.89 percent), 27 (20.93 percent) respondents held positions as structural officials, and 102 people (79.07 percent) of respondents held functional positions, both general and certain functional positions. As many as 95 people (73.64 percent) of respondents were employees at the Regency / City BPS office. In comparison, 34 people (26.36 percent) of respondents are employees of the Provincial Central Bureau of Statistics office.

In the SEM analysis application with PLS, several factors were selected as the construct (latent variable), namely, the reward construct and the environmental construct, which indirectly influenced the Performance construct through the Motivation construct. Each construct has an indicator variable (items), where the indicator is a manifestation of the construct. Award construct with five indicators, environmental construct with six indicators, constructs Motivation with four indicators and constructs Performance with seven indicators. The causality relationship between the construct and its respective indicators in this conceptual model is reflexive, namely the direction of causality from the construct to its respective indicators.

Evaluation of the measurement model in this study consists of testing the validity, reliability, and significance of the indicators and constructs involved. The validity of the model can be analyzed from the results of the loading factors output which are shown in the following table:

Table 2. Result of Construct Factor Loading Analysis

| Indicator                          | Loading Factor | Details |
|------------------------------------|----------------|---------|
| Reward (X1)                        |                |         |
| Personal Development (X1.1)        | 0.765          | Valid   |
| Self-development Support (X1.2)    | 0.722          | Valid   |
| Innovation Support (X1.3)          | 0.693          | Valid   |
| Fair Treatment at Work (X1.4)      | 0.823          | Valid   |
| Relationship with People at Work (X1.5) | 0.719     | Valid   |
| Work Environment (X2)              |                |         |
| Temperature of Workspace (X2.1)    | 0.740          | Valid   |
| Quite Workspace (X2.2)             | 0.728          | Valid   |
| Design and Decoration of Workspace (X2.3) | 0.722     | Valid   |
| Workspace Cleanliness (X2.4)       | 0.768          | Valid   |
| A Sense of Security in the Workplace (X2.5) | 0.727     | Valid   |
| The Warmth Atmosphere in the Workplace (X2.6) | 0.711   | Valid   |
| Motivation (X3)                    |                |         |
| Job Satisfaction (X3.1)            | 0.731          | Valid   |
| Pride in Work (X3.2)               | 0.795          | Valid   |
| Expectation of Work (X3.3)         | 0.723          | Valid   |
| Goals and Targets at Work (X3.4)   | 0.730          | Valid   |
| Performance (Y)                    |                |         |
| The timeliness of completing tasks (X4.1) | 0.816   | Valid   |
| Effectivity(X4.2)                  | 0.731          | Valid   |
The results of testing variable and indicator constructs can be seen in the following figure.

**Figure 2.** Model construct (coefficient and t-value)

The next stage is testing the consistency of measurement (reliability) with Cronbach's Alpha, Composite Realiability (CR), Average Variance Extract (AVE). High reliability indicates that the indicators have high consistency in measuring their latent constructs. Reliability can be seen through the value of Composite Reliability (CR) and Average Variance Extracted (AVE). Cronbach's Alpha and Composite reliability are said to be good if they have a value of ≥ 0.7. The AVE value is good if it has a value ≥ of 0.5 (Ghozali, 2015). Cronbach's Alpha, CR and AVE test results data from the constructs are shown in the following table.

**Table 3.** Value of Composite Reliability and Average Variance Extracted (AVE) constructs

| Construct          | Composite Reliability | Cronbach’s Alpha | Average Variance Extracted (AVE) |
|--------------------|-----------------------|------------------|----------------------------------|
| Performance        | 0.905                 | 0.878            | 0.578                            |
| Environment        | 0.874                 | 0.831            | 0.537                            |
| Motivation         | 0.833                 | 0.733            | 0.556                            |
| Reward             | 0.862                 | 0.801            | 0.557                            |

Source: Analysis Result, 2020
From these results, the composite reliability value produced by all constructs is very good because it is above 0.70. This means that all construct indicators are reliable or meet the reliability test. The highest composite reliability value is shown by the Performance construct of 0.905. While the lowest value of composite reliability is shown by the Motivation construct of 0.833. It can also be seen that the composite reliability value is much higher for all constructs compared to Cronbach's Alpha value. Cronbach's Alpha value for all constructs is greater than 0.70. The highest Cronbach's Alpha value is shown by the Performance construct of 0.878 and the lowest Cronbach's Alpha value is shown by the Motivation construct of 0.733. Because there is no value below 0.70, it can be concluded that all construct indicators are reliable or meet the reality test.

The t-table value for the level of significance $\alpha = 0.05$ and degree of freedom $(df) = \infty$ is 1.645. If the t-statistic $> t$-table, it can be concluded that the endogenous construct has an effect on the exogenous construct. Data processing results that can explain the relationship between exogenous constructs and endogenous constructs can be seen in the following table.

| Latent Variable | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics | P Values | Significant Test | Conclusion |
|-----------------|---------------------|-----------------|-----------------------------|--------------|----------|------------------|------------|
| Environment $\rightarrow$ Motivation | 0.385 | 0.391 | 0.062 | 6.178 | 0.000 | Significant | Accepted |
| Motivation $\rightarrow$ Performance | 0.667 | 0.674 | 0.037 | 18.218 | 0.000 | Significant | Accepted |
| Reward $\rightarrow$ Motivation | 0.485 | 0.488 | 0.061 | 7.910 | 0.000 | Significant | Accepted |

Source: Analysis Result, 2020

The test results on the parameter coefficient between appreciation of motivation show a positive relationship with a coefficient value of 0.485 with a t-statistic value of 7.910 with a significance of 0.000 at $\alpha = 0.05$. The t-statistic value is above the critical value of 1.645, thus the hypothesis which states that rewards have a positive and significant effect on motivation is accepted. The results show when the company gives some rewards to the employees, their motivation will increase. It rejects the null hypothesis. The highest loading factor of the reward variable is support from the officemates. That kind of support is the best reward the employees got from the company.

Meanwhile, the test results on the parameter coefficient between the environment and motivation show a positive relationship with a coefficient value of 0.385 with a t-statistic value of 6.178 with a significance of 0.000 at $\alpha = 0.05$. The t-statistic value is above the critical value of 1.645, thus the hypothesis which states that the environment has a positive and significant effect on motivation is accepted. When the environment is increased by the company, employee’s motivation will be increased. The highest loading factor of the environment variable is the temperature. The fine temperature makes the employee get a comfortable condition to support their motivation at the workplace.

Then for the test results on the parameter coefficient between motivation on performance shows a positive relationship with a coefficient value of 0.667 with a t-statistic value of 18.218 with a significance of 0.000 at $\alpha = 0.05$. The t-statistic value is above the critical value of 1.645, thus the hypothesis which states that motivation has a positive and significant effect on performance is accepted. It rejects the null hypothesis and indicates a condition when the company
increases motivation for its employees, the performance will be increase. The highest loading factor of motivation variable is job satisfaction on the workplace. The employees feel satisfy with their job and it make their performance at work increase.

| Latent Variable | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics | P Values | Significant Test | Conclusion |
|-----------------|---------------------|-----------------|----------------------------|--------------|----------|------------------|------------|
| Environment -> Performance | 0.257 | 0.264 | 0.047 | 5.489 | 0.000 | Significant | Accepted |
| Reward -> Performance | 0.323 | 0.328 | 0.042 | 7.785 | 0.000 | Significant | Accepted |

Source: Analysis Result, 2020

The test results on the parameter coefficient between respect for performance show a positive relationship with a coefficient value of 0.257 with a t-statistic value of 5.489 with a significance of 0.000 at α = 0.05. The t-statistic value is above the critical value of 1.645, thus it can be seen that rewards have an indirect and positive effect on performance. The test results on the parameter coefficient between the environment and the performance show a positive relationship with a coefficient value of 0.323 with a t-statistic value of 7.785 with a significance of 0.000 at α = 0.05. The t-statistic value is above the critical value of 1.645, thus it can be seen that the environment has an indirect and positive effect on performance.

| Variable | R Square | R Square Adjusted |
|----------|----------|------------------|
| Performance | 0.445 | 0.441 |
| Motivation | 0.559 | 0.552 |

Source: Analysis Result, 2020

Changes in the value of R-Squares can be used to explain the effect of certain exogenous latent variables on endogenous latent variables whether they have a substantive effect. The R-Squares values of 0.75, 0.50, and 0.25 can be concluded that the model is strong, moderate and weak (Ghozali, 2015). From the results in table 4.10, it can be seen that the R-Square value for the performance variable is 0.441 which means that it is in the weak category. And for the motivation variable of 0.552 which means it is included in the moderate category. Based on the table above, it can also be obtained that the R-Square Adjusted value for the performance variable is 0.441 and the motivation variable is 0.552. The higher the R-Square Adjusted value, the greater the exogenous variables' ability to be explained by the endogenous variables so that the better the structural equation. The motivation variable has an R-Square Adjusted value of 0.552, which means that the motivation variable can explain 55.2% of the variance of endogenous variables while other variables outside the research model explain the rest.

The performance variable has an R-Square Adjusted value of 0.441 which means that performance variables can explain 44.1% of the variance of endogenous variables. In contrast, the rest is explained by other variables outside the research model. This value revealed not a strong power of R-Square but that R-square can be significantly different from zero, indicating that this regression model has statistically significant explanatory power to explain the relationship between motivation and performance. In some social sciences, where it is hard to specify such
modes, low R-square values are often expected. But unless motivation is very closely related to performance, in other words, we are going to be able to predict probably even half of it.

This study indicated the performance of the millennial generation is affected by the independent variables. The purpose of this study is to investigate the relationship between reward, work environment, and motivation towards performance. According to some of the respondents, support from the coworker and the temperature at work environment could be feasible motivational forces but respondents did not clearly state these forces to have a strong direct impact on performance. Respondents generally suggested these constructs to have an impact on motivation as they improve the performance. The analysis of motivational factors revealed that employees pride towards their job is the strongest factor on millennial generation for improving their performance at work.

Based on previous empirical research about relationship between motivation and employee’s performance, the results of this study mention that the relationship is not strong enough for the millennial generation in BPS of East Kalimantan Province. According to their responses, millennial generation needs guarantee for rewards and punishment regulation at work and also a new concept of working space that will make them feel motivated at work.

4. Conclusions

Based on the research done, the millennial generation's performance in BPS of East Kalimantan Province can be said to be closely related to appreciation, work environment, and motivation. Reward, work environment, and motivation affect the millennial generation's motivation in BPS of East Kalimantan Province as shown by the test results on the parameter coefficient to identify a positive relationship and the t-statistic value is above the critical value, which means reject the null hypothesis.

Based on the conclusions obtained, several suggestions are given. By looking at the indicators that have the most influence on the reward variable, namely support from the workplace, BPS is expected to increase support for its employees. For example, there can be capacity building with training or development of talents and interests. In addition, a fair and open assessment system that is carried out regularly can also be used as a concrete form of evaluation which will become the basis for giving rewards and punishments to employees of BPS in East Kalimantan Province.

Comfort in the workspace is a factor that supports conditions in the work environment that support employee performance. Therefore it is advisable to redesign the workspace, maintain room temperature and keep the room clean so that employees can work optimally.

To achieve optimal performance, job satisfaction in employees must also be increased. Things that can be suggested include giving rewards for the performance done by employees and providing a supportive work environment, so that the performance of BPS in East Kalimantan Province achieves maximum results.

Maximizing opportunities to innovate at work, increasing intimacy in the work environment and providing an appropriate reward and punishment system can be used as a means of correcting existing employment policies. With the work environment variables and rewards that have an effect on increasing employee motivation, it is hoped that BPS throughout East Kalimantan Province can further build an atmosphere in the office environment and provide rewards for employees as much as possible so that employee motivation to work will be higher. Likewise, there is a result that employee performance will increase when employee work motivation also increases. It is hoped that this can become a reference for evaluating several policies within BPS throughout East Kalimantan to increase employee performance.
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