

## The Role of Bonuses in Improving Employee Performance at CV. Parama Persada

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### ABSTRACT

In the increasingly fierce competition in the business world, companies are required to improve work efficiency and effectiveness to remain competitive and sustainable. One of the strategic efforts taken by companies is the provision of bonuses as a form of financial and psychological incentive for employees. Bonuses serve not only as additional income but also as recognition and appreciation for performance, which in turn encourages higher work motivation, loyalty, and commitment. This study aims to analyze the role of bonuses in improving employee performance at CV. Parama Persada. The research employs a descriptive qualitative method with data collection techniques including observation and interviews with employees. The findings indicate that the bonus system at CV. Parama Persada has a significant impact on employee performance. Various types of bonuses, such as individual performance bonuses, team bonuses, annual bonuses, attendance bonuses, and loyalty bonuses, are found to effectively motivate employees and drive them to achieve performance targets. Moreover, a fair, transparent, and timely bonus distribution system fosters trust and engagement among employees. These results highlight that well-managed bonus schemes not only enhance productivity but also reduce turnover and strengthen the organizational culture. Thus, bonuses are proven to be a strategic tool in human resource management for sustaining workforce quality and achieving company goals.

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### INTRODUCTION

In the company, there are several assets to support the company's production process, one of which is human resources (HR). The important role of human resources is the process of analysis and skills, this is what helps the company's development process. Therefore, human resources need to be considered how the match between expertise and needs in the company. Human resources are the most important thing in the company. Human resources are often referred to as human resource power or human power.

Indonesia is a democratic legal state. All regulations between rights and obligations, between human resources and companies are contained in the Law. The basic rights of human resources are regulated in the Manpower Law Number 13 of 2003 and the Job Creation Law Number 11 of 2020. Therefore, companies must comply with obligations towards human resources, starting from the right to receive equal treatment and

opportunities, fair working time, get leave, training facilities, occupational health and safety (K3), welfare, organization, job placement, and one of the most important is to get appropriate work wages (Alam, n.d.).

In addition to compensation, bonuses are a long-awaited expectation for employees and can have a big effect in improving employee performance. Bonus is a result of wages outside of the basic salary given to employees as a reward for contributions in doing work. Bonuses in the company as a result of profits (profitability) that have increased previously due to employee performance, therefore the company will issue these bonuses in accordance with government regulations and the results of company profits. In the Circular Letter of the Minister of Manpower SE/07 / MEN / 1990 concerning Wage Grouping explains that "Bonuses are not part of wages, but payments received by workers from the company's profits or because workers produce work results greater than normal production targets or because of increased productivity, the amount of bonus distribution is regulated by agreement".

In the increasingly fierce competition in the business world, companies are required to improve work efficiency and effectiveness in order to maintain their competitiveness. The role of bonuses in improving employee performance is an important aspect of human resource management that can encourage productivity and work motivation. One strategy that is commonly applied is the provision of bonuses as a form of appreciation for the achievement of employee performance. Bonuses not only function as financial incentives, but also as a tool to increase job satisfaction and reduce turnover rates that can harm the company.

The previous studies related to this research are:

- a. Meiyola Krisma Agatha, Rizki Luthfi Aulia, Hwihanus (JUMIA, Volume 2 Number 2 Year 2024) from the Faculty of Economics and Business, University of 17 August 1945 Surabaya, on "Analysis of Providing Incentives in Improving Employee Motivation and Performance Case Study of Tour Travel Company PT Menara Dunia Tour Travel in Surabaya". Researchers concluded that providing incentives was able to increase greater work enthusiasm in improving achievement, increase loyalty, discipline, and responsibility for positions, and most importantly was able to improve the performance of employees. This research uses a qualitative descriptive approach. Data collection techniques are interviews, observation and documentation (Meiyola Krisma Agatha, 2024).
- b. Egy Arlianty Alwi, Rahman, La ode Ahmad Darwin (Business UHO, Volume 9, Number 1, Year 2024) Department of Business Administration, Faculty of Social and Political Sciences, Halu Oleo University, on "Analysis of Compensation Provision in Improving Employee Performance at Nana Jaya Kendari Supermarket". The researcher concluded that the compensation system implemented is enough to motivate employees to improve performance at Nana Jaya Supermarket. This research uses Qualitative Descriptive method by using observation interview (Egy Arlianty Alwi, 2024).
- c. Putri Nur Alis Azizah, Atep Kustiwa (USI ECONOMIC JOURNAL, Volume 6 Number 1, Year 2024) Digital Technology University, about "APPLICATION OF COMPENSATION TO INCREASE EMPLOYEE PERFORMANCE IN CV. BAROKAH BANDUNG". The researcher concluded that the application of compensation in the form of a bonus is also considered to have an effectiveness that is quite high in improving the performance of employees at CV. Barokah Bandung. This research uses a qualitative method with a descriptive approach. Data collection techniques are interviews and observations (Azizah, P. N., & Kustiwa, 2024).

CV. Parama Persada as a company that is oriented towards improving the quality of human resources needs to understand the importance of giving bonuses in order to motivate employees to be more active and productive in carrying out their duties (Daeli, 2024). This study aims to analyze the role of bonuses in improving employee performance at CV. Parama Persada, with the hope that the provision of appropriate and fair bonuses can have a positive impact on employee morale and work results. Thus, the company can achieve operational targets and retain its best employees for business continuity and development. Therefore, this study aims to analyze the role of bonuses in improving employee performance at CV. Parama Persada.

## THEORETICAL BASIS

Incentives, according to Ampong (2024), are a form of direct compensation linked to the level of employee performance. Other types of compensation each company provides differently, namely as allowances and improving employee welfare based on their level of performance. Providing financial incentives is very meaningful and beneficial for meeting the needs of employees and their families.

Through the policy of providing an incentive system, the compensation system is expected to be able to create a reciprocal relationship where employees get justice in the form of compensation that can increase their productivity and performance motivation, while for the company it will increase its business productivity. Therefore, if employees view their financial incentives as inadequate, their employee motivation may decrease.

On the other hand, because financial incentives can increase the work enthusiasm of employees, or as a spur of work motivation for employees to be willing to do their work and improve their performance. To be effective, the company's reward system should provide three things including, the level of reward is sufficient to meet basic needs, fairness with the external job market, fairness in individual / company behavior related to their needs.

The provision of bonuses acts as a driving factor that can increase employee motivation so that it has a positive impact on performance. High motivation due to fair bonuses and in accordance with work achievements will encourage employees to improve the quality and quantity of work output. Bonuses function as rewards that recognize employee contributions and achievements, thereby increasing satisfaction, loyalty, and commitment to the organization. A transparent and fair bonus system will strengthen employees' intrinsic and extrinsic motivation, which in turn increases work productivity and effectiveness. Conversely, inappropriateness or unfairness in the provision of bonuses can cause demotivation and reduce performance.

#### Employee Performance

Another view is that of authors who consider that performance measurement emerged during the industrial revolution. Either way we can say with certainty that performance management emerged as a dominant research area in the early 50s, when academics and practitioners had an interest in the need to measure performance and measure consequences. The success of a company according to (Roswiyanti Roswiyanti, 2023) can be achieved by improving employee performance. Employee performance is the result of work that can be achieved by a group of people in an organization with their respective authorities and responsibilities, in order to achieve the objectives of the organization concerned legally, not against the law, and in accordance with morals and ethics (Nurbayanti, 2021).

Employee performance refers to the extent to which an employee is able to carry out the duties and responsibilities given by the organization and the results achieved in achieving this work. and employee performance is usually influenced by several factors including external factors and internal factors. Therefore, according to Liaquau et al., (2024), companies need to understand the factors that affect employee performance to achieve a good level of performance for the company.

#### METHOD

This research method uses descriptive research. Qualitative research is a method based on postpositivism. This qualitative research examines the state of natural objects. In qualitative research, the researcher is the key instrument. The data collection technique in this research is arranged in a triangulation process, the data analysis is inductive (Sugiono, 2018).

One of the characteristics of descriptive qualitative research is that the data collected uses detailed words, pictures, and not numbers. Data is obtained from the author who goes directly to the research location.

The location in this research is CV Parama Persada. The research location is where the research is carried out so that accurate information is obtained about the actual situation or condition of the object being researched.

In this study using the type of data, namely primary and secondary data. Primary data is data obtained directly from the original source, namely the CV Parama Persada company. Secondary data is data obtained and collected based on existing sources such as relevant official documents, reports and archives. In this study, secondary data sources were taken based on information regarding the provision of bonuses from CV Parama Persada.

The data collection techniques used in this research are observation and interview. The observation technique is an observation where the researcher is directly involved with the daily activities that are used as a source of research data. The interview technique is a conversation activity carried out by informants with sources. Interviews are conducted through asking open-ended questions, so that respondents can provide broad answers.

#### RESULTS

##### The Role of Bonuses in Improving Employee Performance at CV Parama Persada

Giving bonuses has a role in improving employee performance to encourage performance, recognize performance and bring achieve goals according to targets. In improving employee performance, the CV Parama Persada company provides the following forms of bonuses:

1. Individual Performance Bonus

CV Parama Persada Company provides bonuses to employees who have achieved or exceeded the work targets that have been set, both in terms of quantity and quality.

2. Team Bonus

CV Parama Persada Company will provide bonuses to all team members who successfully achieve collective work targets or show good work synergy.

3. Annual Bonus

CV Parama Persada will award bonuses at the end of each year based on an overall evaluation of employee performance and the company's financial condition.

4. Attendance Bonus

CV Parama Persada Company provides bonuses to employees with 100% attendance rate without tardiness during a certain period.

5. Loyalty Bonus

CV Parama Persada company will give bonuses to employees who have worked for a certain period of time as a form of appreciation for their loyalty.

Bonuses given as a reward for achieving work targets can increase employee motivation and loyalty, so they are encouraged to work more actively and productively. However, the effectiveness of bonuses is highly dependent on the fairness and suitability of the bonus amount with employee performance achievements. The mismatch of bonuses with work results can reduce morale and focus on achieving targets (PutriPermataSari, 2025).

Bonuses provided in a timely and transparent manner also strengthen employees' organizational commitment, which in turn improves overall performance. This shows that annual bonuses and other bonuses have an effect on employee performance. This indicates that bonuses are not only a financial reward, but also a recognition of employees' contribution and development of performance skills (Revi Kristioni, 2024).

In addition to being a form of appreciation for work achievements, bonuses at CV Parama Persada also serve as a tool to strengthen a positive work culture. Through the provision of bonuses, the company instills the value that hard work and real contributions will be appreciated. This not only improves individual morale, but also strengthens relationships between employees through a collective spirit in achieving shared targets. Employees become more motivated to improve their competencies and align themselves with the company's vision because they feel they have an important role in the success of the organization.

A structured and sustainable bonus system can also create stability in the organization. When employees know that their performance is recognized and rewarded through bonuses, the level of job satisfaction increases, which results in a decrease in absenteeism and turnover. Employees become more comfortable working in the long term and show high loyalty to the company. Thus, the role of bonuses in CV Parama Persada is not only limited to short-term incentives, but also as a long-term investment in building productive, competitive, and results-oriented human resources.

#### Bonus Impact on Employee Performance CV Parama Persada

The provision of bonuses at CV Parama Persada has been shown to have a significant positive effect on improving employee performance. Bonuses are not only seen as additional income, but also as a form of appreciation and recognition from the company for the efforts and contributions made by employees (Rifulton, M. F., & Sari, 2023). In practice, bonuses trigger higher morale, because employees feel that their efforts and target achievements get real appreciation. This leads to a greater sense of responsibility in completing tasks and a desire to maintain or even improve work performance in order to get the next bonus.

In addition to increasing individual morale, the bonus system also strengthens team solidarity and cooperation. Team-based bonuses, for example, encourage synergy in completing work, as the success of achieving targets is determined by collective contributions. Employees become more cooperative, support each other, and avoid conflicts that can hinder productivity. Furthermore, loyalty bonuses strengthen the long-term relationship between employees and the company. Employees who feel cared for and rewarded for their loyalty will tend to stay with the company longer, reducing turnover and recruitment costs.

Another important impact is increased job satisfaction and commitment to the company. Employees who receive bonuses with a fair and transparent system feel that the company pays attention to their needs and welfare. This creates a healthy, competitive and appreciative work climate. Bonuses are also an effective external stimulus to increase intrinsic motivation, which is the drive from within employees to give their best. Thus, giving the right bonus not only has an impact on performance in the short term, but also on the long-term stability and growth of the company through improving the quality of its human resources.

## CONCLUSION

The provision of bonuses at CV Parama Persada has proven to have an important role in improving employee performance. The bonuses given not only function as financial rewards, but also as a form of appreciation for employees' contribution to the achievement of company goals. The results showed that various types of bonuses such as individual bonuses, team bonuses, annual bonuses, attendance bonuses, and loyalty bonuses have had a positive impact on employee motivation, morale, and loyalty. Employees who feel appreciated through bonuses tend to work harder, be more productive, and have a high commitment to the company. In addition, bonuses that are given fairly and transparently strengthen the relationship between management and employees and create a conducive work environment.

In order for the bonus system to be more effective, companies need to continue to ensure that the assessment is carried out objectively and based on measurable performance achievements. Timeliness of bonuses and transparency in performance evaluation mechanisms are also important aspects that need to be considered. Discrepancies or lack of clarity in the bonus system can lead to a sense of injustice and demotivation. Therefore, the main recommendation of this research is the need to improve the quality of the bonus system that is adaptive, participatory, and integrated with the overall human resource management strategy. With this strategy, bonuses are not only a trigger for work enthusiasm, but also a strategic instrument in building the company's competitive advantage through continuous improvement in employee performance.

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