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The Influence of Rewards, Incentives, and Internal Communication on Employee Performance with Job Satisfaction as a Mediating Variable

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Abstract: Employee performance is a crucial factor in achieving organizational goals; therefore, understanding the factors that influence it is essential. This study aims to analyze the impact of rewards, incentives, and internal communication on employee performance, with job satisfaction serving as a mediating variable, within the Order-to-Cash Department of PT OCS Global Services. A quantitative approach was employed, utilizing a census method covering 55 employees. Data were collected via Likert-scale questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that rewards, incentives, and internal communication have a positive and significant impact on job satisfaction. Regarding direct effects, incentives and job satisfaction significantly influence employee performance, whereas rewards and internal communication do not. Furthermore, job satisfaction significantly mediates the impact of rewards and incentives on performance but does not mediate the impact of internal communication. These findings suggest that enhancing employee performance requires effective incentive management and the improvement of job satisfaction as a key organizational factor. This study offers novel contributions in several respects. First, it integrates financial factors (rewards and incentives) and non-financial factors (internal communication) into a single research model incorporating job satisfaction as a mediating variable—an approach relatively limited in prior research. Second, the study focuses on the specific context of the Order-to-Cash (O2C) Department, characterized by administrative, process-driven work focused on financial transaction accuracy, thereby providing a fresh perspective on employee performance studies within the facility services sector. Third, the study sheds light on inconsistencies in previous research findings by demonstrating that not all organizational factors directly influence performance; rather, some operate through the psychological mechanism of job satisfaction. Consequently, this study contributes to enriching organizational behavior models by making them more contextual and comprehensive.

Keywords : compensation, work motivation, organizational behavior, human resource management, individual performance

1. Introduction

In today's era of globalization, rapid technological advancement, and increasingly intense business competition, organizations are required to continuously improve their performance to maintain sustainable competitive advantages. Human resources have become one of the most valuable strategic assets because organizational success is largely determined by the quality, productivity, and commitment of employees. Unlike physical assets or technology, human resources possess unique capabilities, creativity, and innovation that cannot be easily replicated by competitors. Consequently, employee performance has emerged as one of the most critical indicators of organizational effectiveness, reflecting not only the successful execution of assigned tasks but also employees' contributions toward achieving organizational goals and long-term sustainability.

Employee performance refers to the extent to which employees successfully accomplish their responsibilities according to predetermined standards, organizational objectives, and performance expectations. High-performing employees demonstrate greater productivity, efficiency, innovation, and commitment, all of which contribute significantly to organizational growth and competitiveness. Conversely, poor employee performance may lead to decreased productivity, operational inefficiencies, reduced customer satisfaction, increased operational costs, and ultimately lower organizational performance. Therefore, understanding the factors that influence employee performance has become a primary concern for both researchers and organizational leaders seeking to optimize workforce productivity.

One of the most widely recognized strategies for improving employee performance is the implementation of effective reward and incentive systems. According to motivation theories such as

Expectancy Theory, Equity Theory, and Reinforcement Theory, employees are more likely to exhibit higher levels of effort when they perceive that their contributions are fairly recognized and rewarded. Rewards represent both financial and non-financial forms of recognition provided by organizations to acknowledge employees' achievements, dedication, and exceptional performance. Financial rewards may include salaries, bonuses, allowances, and promotion opportunities, whereas non-financial rewards encompass recognition, appreciation, career development opportunities, flexible work arrangements, and professional growth. Effective reward systems foster employees' sense of appreciation, increase intrinsic motivation, strengthen organizational commitment, and encourage continuous performance improvement.

Closely related to rewards are incentive programs, which function as direct performance motivators by linking compensation with measurable work outcomes. Incentives are generally designed to stimulate employees to achieve specific organizational targets by providing additional financial or material benefits beyond regular compensation. Performance-based incentives encourage employees to improve efficiency, productivity, quality of work, and innovation because they establish a direct relationship between individual effort and organizational recognition. Organizations implementing transparent and equitable incentive systems often experience higher employee motivation, lower absenteeism, reduced turnover intentions, and improved organizational performance. However, ineffective or inequitable incentive systems may create dissatisfaction, reduce motivation, and ultimately undermine employee performance.

In addition to financial considerations, internal communication has become an increasingly important organizational factor affecting employee performance. Modern organizations operate within highly dynamic environments that require efficient information sharing, effective coordination, and collaborative decision-making across departments and hierarchical levels. Internal communication refers to the formal and informal exchange of information among employees, supervisors, and management within an organization. Effective communication ensures that employees clearly understand organizational objectives, work procedures, performance expectations, and organizational changes. Furthermore, transparent communication promotes trust, collaboration, employee engagement, and knowledge sharing while minimizing misunderstandings and workplace conflicts.

Organizations characterized by effective internal communication generally create supportive work environments where employees feel informed, valued, and actively involved in organizational decision-making processes. Employees who receive timely and accurate information are better equipped to perform their duties efficiently and coordinate effectively with colleagues. Conversely, ineffective communication often results in ambiguity regarding job responsibilities, reduced collaboration, interpersonal conflicts, delayed decision-making, and declining employee performance. Therefore, strengthening internal communication systems has become an essential managerial strategy for enhancing organizational effectiveness and employee productivity.

Beyond organizational practices such as rewards, incentives, and communication, psychological factors also play an essential role in determining employee performance. Among these factors, job satisfaction has consistently received considerable attention in the field of human resource management and organizational behavior. Job satisfaction refers to employees' positive emotional responses and overall evaluation of their work experiences, including satisfaction with compensation, supervision, work environment, career opportunities, interpersonal relationships, and organizational policies. Employees experiencing higher levels of job satisfaction generally demonstrate stronger motivation, greater organizational commitment, increased engagement, lower absenteeism, reduced turnover intentions, and superior job performance.

Job satisfaction is particularly important because it functions not only as an independent predictor of employee performance but also as a mediating mechanism through which organizational practices influence behavioral outcomes. Employees who perceive organizational rewards as fair, receive appropriate incentives, and experience effective communication are more likely to develop positive attitudes toward their jobs. These positive attitudes subsequently encourage greater commitment, motivation, and discretionary effort, ultimately leading to enhanced performance. Consequently, job satisfaction represents an important psychological pathway that explains how organizational factors are translated into improved employee outcomes.

Within the organizational context, PT OCS Global Services, particularly the Order to Cash (O2C) Department, has recently experienced a decline in employee performance. Internal performance evaluations indicate that employee performance has decreased from the "Good" category to the "Fairly Good" category. Although this decline may appear relatively moderate, it signals underlying organizational issues that require immediate managerial attention. The reduction in performance suggests that employees may be facing challenges related to motivation, organizational support, communication effectiveness, compensation practices, or workplace satisfaction. If these issues remain unresolved, they may eventually affect operational efficiency, customer service quality, organizational competitiveness, and overall business performance.

The Order to Cash (O2C) Department plays a crucial role within PT OCS Global Services because it is responsible for managing the complete financial transaction cycle, including order processing, billing, invoicing, payment collection, customer account management, and revenue realization. The department directly contributes to organizational cash flow, customer satisfaction, and financial performance. Consequently, maintaining high employee performance within this department is essential for ensuring operational excellence and organizational sustainability. Any decline in employee productivity or efficiency may negatively affect business processes, customer relationships, and financial outcomes.

Addressing these organizational challenges requires a comprehensive understanding of both financial and non-financial factors affecting employee performance. Financial factors include reward systems and incentive programs that directly influence employee motivation through economic benefits. Non-financial factors include internal communication, managerial support, organizational culture, and psychological well-being, particularly job satisfaction. Rather than focusing exclusively on compensation-related issues, organizations should adopt an integrated human resource management approach that simultaneously considers both extrinsic and intrinsic motivational factors. Such an approach is expected to produce more sustainable improvements in employee performance while strengthening organizational commitment and employee engagement.

Previous empirical studies have consistently demonstrated that rewards, incentives, internal communication, and job satisfaction significantly influence employee performance. Numerous researchers have reported positive relationships between reward systems and employee motivation, while others have emphasized the importance of incentive programs in enhancing productivity and performance outcomes. Similarly, several studies have confirmed that effective internal communication contributes to improved collaboration, employee engagement, and organizational effectiveness. Furthermore, extensive research has established job satisfaction as one of the strongest predictors of employee performance across various industries and organizational settings.

Nevertheless, despite substantial empirical evidence supporting these relationships, inconsistencies remain within the existing literature. Some studies have reported significant direct effects of rewards and incentives on employee performance, whereas others have found insignificant or weaker relationships after controlling for mediating variables. Similar inconsistencies have been observed regarding the influence of internal communication on employee performance, suggesting that contextual organizational factors may moderate these relationships. Additionally, previous studies have often examined these variables independently without considering their simultaneous interactions within a unified conceptual framework. Such fragmented approaches limit researchers' ability to understand the complex mechanisms through which organizational practices influence employee performance.

More importantly, relatively few studies have comprehensively examined job satisfaction as a mediating variable connecting rewards, incentives, and internal communication with employee performance within a single integrated research model. Since job satisfaction represents employees' psychological evaluation of their work experiences, it may explain why similar organizational practices produce different performance outcomes across organizations or employee groups. Investigating this mediating role provides a deeper understanding of the causal mechanisms underlying employee performance while enriching theoretical perspectives within human resource management and organizational behavior research.

Based on these research gaps and organizational challenges, this study aims to analyze the influence of rewards, incentives, and internal communication on employee performance, with job satisfaction serving as a mediating variable in the Order to Cash Department of PT OCS Global Services. Specifically, this study seeks to determine the direct effects of rewards, incentives, and internal communication on both job satisfaction and employee performance, as well as the indirect effects transmitted through job satisfaction. By integrating these variables into a comprehensive conceptual framework, this research provides a more holistic understanding of the factors influencing employee performance within contemporary organizational settings.

The findings of this study are expected to contribute to both theoretical development and managerial practice. From a theoretical perspective, the study enriches the literature on human resource management by extending existing knowledge regarding the mediating role of job satisfaction in explaining the relationships between organizational practices and employee performance. The integrated research model also addresses inconsistencies identified in previous empirical studies and provides a more comprehensive explanation of employee performance determinants. From a practical perspective, the findings will provide valuable insights for organizational leaders and human resource managers in designing integrated strategies for improving employee performance through fair reward systems, effective incentive programs, efficient internal communication, and initiatives that enhance employee job satisfaction. Ultimately, these managerial strategies are expected to improve organizational productivity, employee well-being, and sustainable competitive advantage in an increasingly competitive business environment.

2. Literature Review

2.1 Review of Empirical Studies

The relationships among rewards, incentives, internal communication, job satisfaction, and employee performance have received considerable attention in the fields of Human Resource Management (HRM) and Organizational Behavior. Numerous empirical studies have consistently demonstrated that these organizational factors contribute significantly to improving employee attitudes, motivation, and work outcomes. However, previous findings also indicate that the magnitude and direction of these relationships vary across organizational settings, industrial sectors, and national contexts, suggesting the need for further investigation. One of the most extensively examined variables in the HRM literature is the organizational reward system. Rewards are generally regarded as an effective managerial instrument for recognizing employees' contributions and encouraging desirable work behaviors. Empirical evidence indicates that employees who perceive organizational rewards as fair and proportional to their contributions are more likely to experience higher levels of job satisfaction, organizational commitment, and work engagement. These positive psychological outcomes subsequently encourage employees to improve their productivity and overall job performance.

Aini and Frianto (2020) found that rewards have a significant positive effect on job satisfaction, which subsequently improves employee performance. Their findings suggest that organizational appreciation, whether financial or non-financial, strengthens employees' perceptions of fairness and organizational support. Employees who receive appropriate recognition for their achievements tend to develop stronger emotional attachment to the organization and become more motivated to achieve organizational objectives. Consequently, job satisfaction serves as an important mechanism through which reward systems influence employee performance. In addition to rewards, incentive systems have consistently been identified as one of the strongest predictors of employee performance. Unlike general compensation, incentives are directly linked to measurable performance outcomes and therefore provide immediate motivation for employees to improve their productivity. Organizations implementing performance-based incentive systems often experience higher employee motivation because employees recognize a clear relationship between effort, performance, and financial benefits.

Al-Zahrani and Al-Harbi (2023) reported that incentives exert a significant positive influence on employee performance. Their findings demonstrate that employees become more productive when incentive programs are transparent, equitable, and directly associated with performance achievements. The study further emphasizes that performance-based incentives not only encourage employees to accomplish organizational targets but also promote continuous improvement and innovation in the workplace. These findings are consistent with Expectancy Theory, which argues that employees increase their work effort when they believe that superior performance will result in valuable rewards.

Similarly, Iskamto et al. (2024) found that incentive systems significantly improve employee performance through increased job satisfaction. Their research revealed that employees who perceive compensation systems as fair and performance-oriented experience greater satisfaction with their work, which subsequently strengthens organizational commitment and improves performance outcomes. These findings indicate that incentive systems influence employee behavior both directly and indirectly through psychological mechanisms. Another organizational factor that has attracted growing scholarly attention is internal communication. Modern organizations increasingly recognize that communication is not merely an administrative process but also a strategic resource that supports coordination, collaboration, employee engagement, and organizational effectiveness. Effective internal communication facilitates the exchange of information between managers and employees while promoting transparency, trust, and mutual understanding throughout the organization.

Vokić et al. (2022) demonstrated that effective internal communication significantly enhances job satisfaction and employee engagement. Their findings indicate that employees who receive clear, timely, and accurate information regarding organizational goals, policies, and work expectations tend to experience lower role ambiguity and stronger organizational commitment. Moreover, effective communication improves collaboration among organizational members, reduces workplace conflict, and creates a supportive organizational climate. Although the study confirmed the positive influence of communication on job satisfaction, the direct relationship between communication and employee performance was found to be relatively weak, suggesting that communication may primarily influence performance through mediating variables. The role of job satisfaction itself has also been extensively examined in previous empirical studies. Job satisfaction has consistently been identified as one of the strongest predictors of employee performance because satisfied employees generally demonstrate greater enthusiasm, commitment, and willingness to contribute beyond formal job responsibilities. Employees who experience positive work environments are more likely to maintain high productivity, exhibit organizational citizenship behaviors, and remain loyal to their organizations.

Nugroho et al. (2023) reported that job satisfaction has a strong positive effect on employee performance while simultaneously functioning as an important mediating variable in various organizational relationships. Their findings suggest that organizational practices such as rewards, compensation, leadership, and communication improve employee performance primarily by enhancing employees' psychological well-being and satisfaction. Employees who are satisfied with their jobs tend to demonstrate greater initiative, stronger commitment, and improved work quality, all of which contribute to superior organizational performance. Collectively, previous empirical studies provide substantial evidence supporting the importance of both financial and non-financial organizational factors in improving employee performance. Financial factors, including rewards and incentives, directly motivate employees by providing tangible benefits associated with superior performance. Conversely, non-financial factors such as internal communication primarily improve employees' psychological experiences by fostering trust, collaboration, organizational commitment, and job satisfaction.

Nevertheless, despite the considerable empirical support for these relationships, the existing literature continues to report inconsistent findings. Several studies have identified significant direct effects of rewards and internal communication on employee performance, whereas others have concluded that these relationships become insignificant after incorporating mediating variables such as job satisfaction, organizational commitment, or employee engagement. Such inconsistencies suggest that organizational practices influence employee performance through multiple interconnected mechanisms rather than simple direct relationships. Furthermore, many previous studies have examined these variables independently, focusing only on individual relationships such as rewards and performance or communication and job satisfaction. Comparatively few studies have simultaneously investigated financial factors (rewards and incentives) together with non-financial factors (internal communication) within a single integrated research framework. As a result, existing empirical evidence has not yet provided a comprehensive explanation of how these organizational practices interact to influence employee performance. The present study seeks to extend the existing literature by integrating rewards, incentives, internal communication, and job satisfaction into a unified conceptual model. By examining both direct and indirect relationships simultaneously, this research is expected to provide a more comprehensive understanding of the determinants of employee performance while contributing to the advancement of human resource management theory and organizational behavior research.

2.2 Identification of the Research Gap

Although numerous empirical studies have investigated the relationships among rewards, incentives, internal communication, job satisfaction, and employee performance, several important limitations remain in the existing literature. These limitations indicate the existence of significant research gaps that warrant further investigation. Addressing these gaps is essential for advancing the theoretical understanding of employee performance while providing more comprehensive managerial implications for contemporary organizations. The first gap relates to the **theoretical perspective** adopted by previous studies. Most existing research has examined employee performance using a single theoretical framework, such as Expectancy Theory, Herzberg's Two-Factor Theory, or Social Exchange Theory. While each theory provides valuable insights into specific aspects of employee motivation and behavior, relying on only one theoretical perspective limits the ability to explain the complexity of organizational behavior. Employee performance is influenced by multiple organizational and psychological mechanisms that interact simultaneously. Therefore, integrating several complementary theories provides a more comprehensive explanation of how organizational practices affect employee attitudes and performance. The present study addresses this theoretical gap by combining Herzberg's Two-Factor Theory, Expectancy Theory, and Social Exchange Theory within a unified conceptual framework.

The second gap concerns the **empirical inconsistency** reported in previous studies. Although many researchers have concluded that rewards positively influence employee performance, other studies have found insignificant or inconsistent relationships after incorporating additional organizational or psychological variables. Similar inconsistencies have also been observed regarding the influence of internal communication on employee performance. Some studies report strong positive effects, whereas others indicate that communication primarily affects employee attitudes rather than performance directly. These contradictory findings suggest that the relationships among organizational practices and employee performance are more complex than simple cause-and-effect associations. Consequently, further empirical investigation is required to clarify these relationships by considering potential mediating mechanisms.

Another important limitation is associated with the **fragmented nature of previous empirical studies**. Most existing research has examined only one or two independent variables simultaneously, such as rewards and employee performance, incentives and motivation, or communication and job satisfaction. While these studies provide valuable insights into individual relationships, they fail to capture the combined influence of multiple organizational practices operating simultaneously within real organizational settings. In practice, employees experience financial rewards, performance incentives, organizational communication, managerial support, and workplace relationships concurrently. Therefore, examining these variables within an integrated model provides a more realistic understanding of employee behavior and organizational effectiveness. The fourth gap relates to the **limited examination of job satisfaction as a mediating variable**. Previous studies have frequently treated job satisfaction as either an independent variable or a direct predictor of employee performance. Comparatively few studies have investigated its mediating role in explaining how organizational practices influence employee performance. Since job satisfaction reflects employees' psychological evaluation of their work experiences, it represents an important mechanism through which financial and non-financial organizational factors shape employee attitudes and behaviors. Incorporating job satisfaction as a mediating construct enables researchers to identify indirect causal pathways that may not be observable when only direct relationships are examined.

A further limitation concerns the **contextual gap** within the existing literature. Much of the previous empirical evidence has been generated from manufacturing companies, educational institutions, healthcare organizations, or public sector institutions. Comparatively limited attention has been given to service-oriented organizations operating in highly competitive business environments, particularly companies responsible for business process management and customer service operations. Organizational characteristics, work demands, communication structures, and performance evaluation systems vary considerably across industries, making it inappropriate to generalize findings from one organizational context to another without additional empirical validation. The present study specifically focuses on the **Order to Cash (O2C) Department of PT OCS Global Services**, a business unit that performs strategic operational functions involving customer order processing, invoicing, payment collection, and revenue realization. Because the effectiveness of this department directly influences organizational financial performance and customer satisfaction, understanding the determinants of employee performance within this context provides valuable practical and theoretical contributions. Furthermore, the department has experienced a decline in employee performance from the "Good" category to the "Fairly Good" category, highlighting the necessity of identifying organizational factors that may contribute to performance improvement.

Another research gap relates to the **methodological approaches** employed in previous studies. Many earlier investigations focused primarily on examining direct effects among organizational variables while giving relatively limited attention to indirect or mediating relationships. Such approaches may oversimplify the complexity of organizational behavior because employee performance is rarely influenced by organizational practices in a direct and isolated manner. Instead, organizational policies often influence employees' perceptions, attitudes, and psychological well-being before ultimately affecting their performance. Consequently, adopting an integrated mediation model provides a more accurate representation of the causal relationships among organizational variables.

Moreover, relatively few studies have simultaneously integrated **financial factors**, represented by rewards and incentives, with **non-financial factors**, represented by internal communication, within a single empirical framework. Most previous studies have examined these variables independently despite substantial theoretical evidence suggesting that financial and non-financial organizational practices complement one another in influencing employee attitudes and performance. Employees evaluate organizational support not only through monetary compensation but also through recognition, communication quality, fairness, and interpersonal relationships. Therefore, examining these factors simultaneously is expected to produce a more comprehensive understanding of employee performance.

Based on the limitations identified above, this study addresses several important research gaps by proposing a comprehensive conceptual model that integrates rewards, incentives, internal communication, job satisfaction, and employee performance. Unlike previous studies that primarily investigated direct relationships, this research simultaneously examines both direct and indirect effects through the mediating role of job satisfaction. The proposed model provides a more holistic explanation of the mechanisms through which organizational practices influence employee performance.

Accordingly, this study is expected to contribute to the existing body of knowledge in several ways. Theoretically, it enriches the human resource management literature by integrating multiple motivational and behavioral theories into a unified research framework. Empirically, it resolves inconsistencies reported in previous studies by examining direct and indirect relationships simultaneously. Contextually, it extends existing evidence to the service industry, particularly within the Order to Cash Department of PT OCS Global Services. Finally, from a managerial perspective, the findings are expected to provide practical guidance for organizational leaders in designing integrated human resource strategies that enhance employee satisfaction, strengthen organizational commitment, and improve sustainable employee performance.

2.3 Development of the Conceptual Framework

The conceptual framework of this study was developed based on the integration of established theoretical perspectives and empirical findings concerning employee performance. Specifically, the framework combines the principles of Herzberg's Two-Factor Theory, Expectancy Theory, and Social Exchange Theory to explain how financial and non-financial organizational practices influence employee performance through the mediating role of job satisfaction. The proposed framework recognizes that employee performance is not solely determined by economic incentives but is also shaped by employees' psychological responses to organizational practices and the quality of their workplace experiences. Within this framework, rewards and incentives are conceptualized as financial motivational factors that encourage employees to exert greater effort and achieve higher levels of performance. Rewards represent organizational recognition for employees' contributions and accomplishments, encompassing both financial compensation and non-financial recognition such as promotions, career development opportunities, and appreciation. Incentives, on the other hand, are performance-based financial benefits that establish a direct relationship between employees' work achievements and organizational compensation. Together, these financial practices are expected to strengthen employee motivation, enhance perceptions of organizational fairness, and increase job satisfaction.

According to Herzberg's Two-Factor Theory, recognition and achievement function as intrinsic motivators capable of generating genuine job satisfaction. Employees who perceive organizational reward systems as fair and meaningful are more likely to develop positive attitudes toward their work, demonstrate stronger organizational commitment, and willingly contribute beyond their formal job responsibilities. Similarly, Expectancy Theory suggests that employees increase their work effort when they believe that superior performance will lead to desirable rewards. Consequently, both rewards and incentives are expected to positively influence employee performance directly while simultaneously enhancing job satisfaction. In addition to financial factors, the conceptual framework incorporates internal communication as an essential non-financial organizational factor. Internal communication refers to the continuous exchange of information, knowledge, ideas, and feedback among organizational members through both formal and informal communication channels. Effective communication enables employees to understand organizational objectives, work procedures, performance expectations, and strategic priorities. It also facilitates coordination among departments, strengthens interpersonal relationships, reduces uncertainty, and promotes collaborative problem-solving.

From the perspective of Social Exchange Theory, organizations that maintain transparent, open, and supportive communication foster stronger reciprocal relationships with employees. When employees perceive that organizational leaders communicate honestly, provide timely information, and encourage participation in decision-making, they are more likely to develop trust in management and experience greater organizational support. These positive perceptions subsequently enhance employees' job satisfaction and strengthen their commitment to organizational objectives. Therefore, effective internal communication is expected to improve employee performance both directly and indirectly through increased job satisfaction. The central component of the conceptual framework is job satisfaction, which functions as the mediating variable connecting organizational practices with employee performance. Job satisfaction reflects employees' overall evaluation of their work experiences, including their perceptions of compensation, recognition, supervision, career opportunities, work environment, interpersonal relationships, and organizational policies. Rather than acting solely as an independent predictor, job satisfaction is conceptualized as a psychological mechanism through which organizational practices influence employee attitudes and behavioral outcomes.

The mediating role of job satisfaction is supported by substantial theoretical and empirical evidence. Organizational practices such as fair rewards, attractive incentive systems, and effective communication do not automatically improve employee performance. Instead, employees first evaluate these practices based on their perceptions of fairness, organizational support, and personal value. Positive evaluations generate higher levels of job satisfaction, which subsequently encourage stronger work motivation, organizational commitment, employee engagement, and discretionary effort. Consequently, job satisfaction explains why similar organizational practices may produce different performance outcomes across employees and organizational settings. The dependent variable in this study is employee performance, which represents the effectiveness with which employees perform their assigned responsibilities while contributing to organizational objectives. Employee performance encompasses both task performance, referring to the successful completion of formal job responsibilities, and contextual performance, which includes behaviors such as cooperation, initiative, adaptability, and organizational citizenship. High employee performance contributes directly to organizational productivity, service quality, customer satisfaction, operational efficiency, and sustainable competitive advantage.

The proposed conceptual framework assumes that financial and non-financial organizational practices complement one another in influencing employee performance. Financial factors primarily enhance employees' motivation by providing tangible recognition for superior performance, whereas non-financial factors improve employees' psychological well-being through supportive communication and positive workplace relationships. These organizational practices collectively shape employees' levels of job satisfaction, which subsequently influence their willingness to exert greater effort and perform beyond minimum organizational expectations. Compared with previous studies, the present conceptual framework offers several important contributions. First, it integrates financial and non-financial organizational factors into a single comprehensive research model, thereby providing a more holistic explanation of employee performance. Second, it simultaneously examines both direct and indirect relationships among the variables, enabling a deeper understanding of the psychological mechanisms underlying employee behavior. Third, the framework addresses inconsistencies reported in previous empirical studies by explicitly positioning job satisfaction as a mediating variable rather than merely an independent predictor of employee performance.

Furthermore, the proposed framework is particularly relevant to the operational context of the Order to Cash (O2C) Department at PT OCS Global Services, where employee performance plays a strategic role in ensuring effective order processing, billing accuracy, payment collection, customer satisfaction, and organizational financial performance. Given the department's recent decline in employee performance, the framework provides a theoretically grounded basis for identifying organizational factors that may contribute to performance improvement through integrated human resource management practices. Overall, the conceptual framework developed in this study proposes that rewards, incentives, and internal communication positively influence employee performance both directly and indirectly through the mediating role of job satisfaction. This integrated model provides a comprehensive explanation of how organizational practices affect employee attitudes and behaviors while offering practical guidance for managers seeking to improve workforce productivity through balanced financial and non-financial human resource strategies. Figure 1 illustrates the conceptual framework developed in this study, depicting the hypothesized relationships among rewards, incentives, internal communication, job satisfaction, and employee performance.

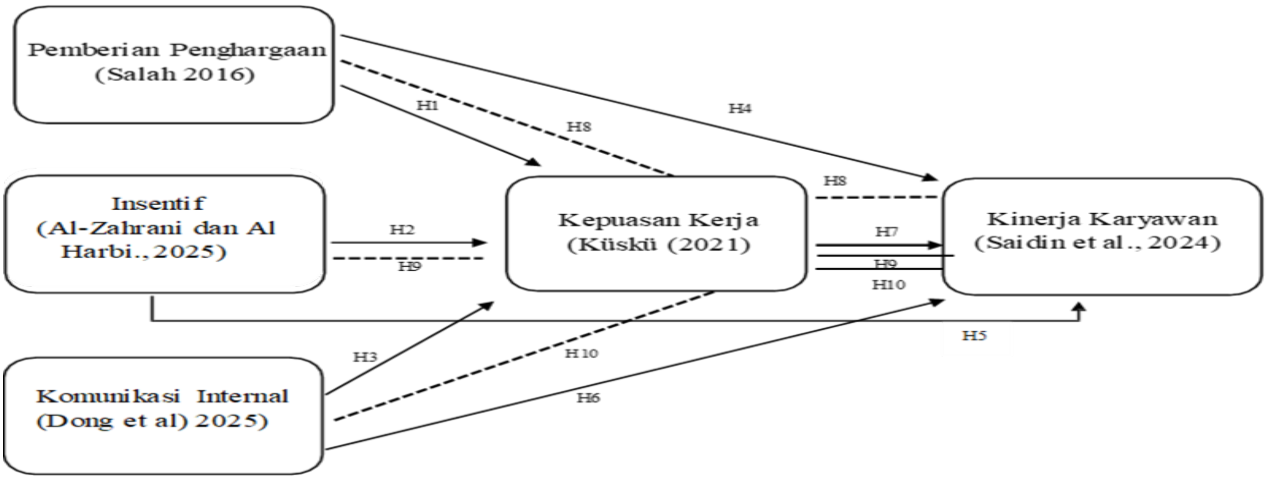

Fig. 1. Conceptual Framework of the study.

3. Research Methods

This study employed a quantitative research approach with a causal research design to examine the effects of rewards, incentives, and internal communication on employee performance, with job satisfaction serving as a mediating variable in the Order to Cash (O2C) Department of PT OCS Global Services. A quantitative approach was considered appropriate because the study sought to empirically test the relationships among latent variables using statistical techniques and hypothesis testing. The causal design enabled the researchers to investigate both direct and indirect relationships among the variables included in the proposed conceptual framework.

The respondents consisted of 55 employees working in the Order to Cash (O2C) Department of PT OCS Global Services. These employees represented diverse demographic backgrounds in terms of age, educational attainment, and years of service. Based on the demographic profile, most respondents were within the productive working-age group and possessed at least a diploma or bachelor's degree. In addition, they had varying lengths of work experience, indicating adequate familiarity with the operational processes of the O2C Department. Such characteristics ensured that the respondents possessed sufficient knowledge and experience to provide reliable evaluations regarding rewards, incentives, internal communication, job satisfaction, and employee performance.

Primary data were collected using a structured questionnaire measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Considering the relatively small and accessible population, this study adopted a total sampling (census) technique, whereby all members of the population were included as research respondents. This approach minimized sampling error while maximizing the representativeness of the collected data.

The study involved five latent variables, namely Rewards (X1), Incentives (X2), Internal Communication (X3), Job Satisfaction (Z), and Employee Performance (Y). Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software. PLS-SEM was selected because it is particularly suitable for predictive research involving relatively small sample sizes, complex structural models, latent constructs, and mediation analysis. Compared with covariance-based SEM (CB-SEM), PLS-SEM offers greater flexibility in handling non-normal data distributions while producing robust parameter estimates under limited sample conditions.

The analytical procedure consisted of evaluating both the measurement model (outer model) and the structural model (inner model). The outer model assessment included tests of construct validity and reliability, whereas the inner model evaluated the hypothesized relationships among the latent variables. Furthermore, mediation analysis was conducted to examine the indirect effects of rewards, incentives, and internal communication on employee performance through job satisfaction. All statistical tests were performed using a 5% significance level ($\alpha = 0.05$).

3.1 Research Design

This study adopted a quantitative explanatory research design using a causal approach to examine the structural relationships among the variables proposed in the conceptual framework. Explanatory research aims to identify causal relationships by empirically testing hypotheses derived from established theories and previous empirical findings. The causal design was selected because the primary objective of this study was to determine whether rewards, incentives, and internal communication significantly influence employee performance directly and indirectly through job satisfaction. The research employed a cross-sectional survey design, in which data were collected from respondents at a single point in time. Cross-sectional designs are widely used in organizational behavior and human resource management research because they enable researchers to capture employees' perceptions efficiently while examining complex relationships among multiple constructs simultaneously. Although longitudinal studies may provide deeper insights into changes over time, the cross-sectional approach is considered appropriate for investigating the proposed theoretical relationships within the current organizational context.

The hypothesized relationships were analyzed using Structural Equation Modeling based on Partial Least Squares (PLS-SEM). This analytical approach enables the simultaneous estimation of multiple direct and indirect relationships among latent constructs while accounting for measurement errors. Furthermore, PLS-SEM is particularly advantageous for predictive research, exploratory model development, and mediation analysis, making it highly suitable for achieving the objectives of the present study.

3.2 Research Context and Setting

The study was conducted at PT OCS Global Services, specifically within the Order to Cash (O2C) Department, which performs a strategic role in managing the organization's revenue cycle. The department is responsible for several critical operational activities, including customer order processing, invoice generation, accounts receivable management, payment collection, and cash flow monitoring. Because these activities directly influence organizational financial performance and customer satisfaction, maintaining high employee performance within this department is essential for achieving operational excellence. The Order to Cash Department was selected as the research setting because it had experienced a decline in employee performance during recent performance evaluations. Internal organizational records indicated that overall employee performance had decreased from the "Good" category to the "Fairly Good" category. Although the decline was not severe, it highlighted the need to identify organizational factors contributing to reduced employee effectiveness. Understanding these determinants is expected to assist organizational management in developing more effective human resource management strategies.

The operational characteristics of the O2C Department further justify its selection as the research context. Employees are required to maintain high levels of accuracy, efficiency, coordination, and responsiveness while managing complex financial transactions and customer interactions. Such work demands require not only technical competence but also effective organizational support through fair reward systems, appropriate incentive programs, transparent communication, and a supportive work environment. Consequently, the department provides an appropriate organizational context for examining the relationships among rewards, incentives, internal communication, job satisfaction, and employee performance. Moreover, the service-oriented nature of PT OCS Global Services distinguishes it from manufacturing or public-sector organizations commonly examined in previous studies. Investigating employee performance within this organizational context contributes to the broader human resource management literature by extending empirical evidence to business process service organizations operating in highly competitive environments.

3.3 Population and Sample

The target population of this study comprised all employees working in the Order to Cash (O2C) Department of PT OCS Global Services who were directly involved in operational activities related to billing, accounts receivable management, payment collection, and customer financial services. Given the relatively small population size and the accessibility of all employees, this study employed a total sampling (census) technique, whereby every member of the population was included as a research participant. Unlike probability sampling methods that select only a portion of the population, total sampling ensures complete representation of the target population while eliminating sampling bias. This approach is particularly appropriate when the population size is sufficiently limited to allow comprehensive data collection.

Accordingly, the final sample consisted of 55 employees, representing the entire population of the O2C Department during the period of data collection. By including all eligible employees, the study enhanced the representativeness and reliability of the findings while minimizing potential sampling errors. The respondents possessed diverse demographic characteristics with respect to age, educational background, and work experience. Most participants were within their productive working years and held diploma or bachelor's degrees, reflecting an adequate educational background for understanding organizational policies and operational procedures. Additionally, variations in tenure allowed the study to capture perceptions from employees with different levels of organizational experience, thereby providing a more comprehensive understanding of the factors influencing employee performance. The use of total sampling also strengthens the internal validity of the study because the findings accurately represent the characteristics of the target population without requiring statistical generalization from a smaller sample. Consequently, the research results provide a reliable basis for understanding employee perceptions within the Order to Cash Department of PT OCS Global Services.

3.4 Data Sources and Data Collection

This study utilized both primary and secondary data to obtain comprehensive information regarding the research variables and the organizational context. The combination of these two data sources enhanced the credibility of the study by enabling empirical verification of employees' perceptions while providing supporting organizational information relevant to the research objectives. The primary data were collected directly from employees of the Order to Cash (O2C) Department at PT OCS Global Services through a structured self-administered questionnaire. The questionnaire was designed based on validated measurement indicators adopted and adapted from relevant human resource management and organizational behavior literature. Prior to data collection, the questionnaire was reviewed to ensure that each item was clear, understandable, and appropriate for the organizational context.

All measurement items were assessed using a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The Likert scale was selected because it is one of the most widely accepted measurement scales in behavioral and organizational research, enabling respondents to express the degree of their agreement with each statement while facilitating quantitative statistical analysis. The questionnaire contained items measuring five latent constructs: Rewards (X1), Incentives (X2), Internal Communication (X3), Job Satisfaction (Z), and Employee Performance (Y). Data collection was conducted during a single research period using the total sampling (census) approach, whereby questionnaires were distributed to all employees within the Order to Cash Department. Before completing the questionnaire, respondents received a brief explanation regarding the objectives of the study, the voluntary nature of their participation, and the confidentiality of the information provided. Respondents were encouraged to answer each question honestly based on their actual experiences and perceptions to ensure the accuracy and reliability of the collected data.

In addition to primary data, secondary data were obtained from organizational documents, internal performance reports, company records, and relevant academic literature. These secondary sources were primarily used to understand the organizational background, employee performance trends, and operational characteristics of the Order to Cash Department. Furthermore, academic journals, books, and previous empirical studies provided the theoretical foundation for developing the conceptual framework, measurement indicators, and research hypotheses. The integration of primary and secondary data enabled a more comprehensive understanding of the research problem while strengthening the validity of the research findings. Primary data captured employees’ perceptions regarding organizational practices, whereas secondary data provided contextual information that supported the interpretation of the empirical results.

3.5 Measurement of Variables and Research Instruments

The research variables were measured using a structured questionnaire developed from well-established theoretical constructs and empirical studies in the fields of Human Resource Management and Organizational Behavior. To ensure conceptual consistency and measurement accuracy, all indicators were adapted from previously validated instruments and modified to reflect the operational context of the Order to Cash Department at PT OCS Global Services. The study consisted of five latent variables, namely Rewards (X1), Incentives (X2), Internal Communication (X3), Job Satisfaction (Z), and Employee Performance (Y).

Rewards (X1) were measured using indicators reflecting employees' perceptions of organizational appreciation for their contributions. The measurement included aspects such as fairness of rewards, recognition of work achievements, opportunities for promotion, career development, and appreciation from supervisors. These indicators represent both financial and non-financial forms of organizational recognition that may influence employees' motivation and satisfaction. Incentives (X2) were measured through indicators assessing employees' perceptions regarding the adequacy, transparency, and fairness of performance-based compensation. The measurement focused on whether incentive systems were clearly linked to employee performance, implemented consistently, and perceived as motivating employees to achieve organizational objectives.

Internal Communication (X3) was measured using indicators related to the effectiveness of information exchange within the organization. These indicators included communication clarity, information transparency, communication timeliness, feedback quality, coordination among departments, communication with supervisors, and opportunities for employees to express opinions. Effective communication was expected to enhance employees' understanding of organizational goals while promoting collaboration and organizational trust. Job Satisfaction (Z) represented the mediating variable and was measured through employees' overall evaluations of their work experiences. The indicators included satisfaction with compensation, recognition, supervision, career opportunities, work environment, interpersonal relationships, workload, and overall satisfaction with the organization. These indicators reflect both intrinsic and extrinsic dimensions of job satisfaction as commonly discussed in organizational behavior literature.

Employee Performance (Y) was measured using employees' self-assessments of their work performance. The indicators included work quality, productivity, efficiency, achievement of performance targets, responsibility, punctuality, problem-solving ability, teamwork, and overall effectiveness in completing assigned tasks. These dimensions represent both task performance and contextual performance, which together provide a comprehensive assessment of employee effectiveness.

All questionnaire items employed a five-point Likert scale, where:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

The research instrument was evaluated through validity and reliability testing before hypothesis testing was performed. Construct validity was assessed using convergent and discriminant validity, while internal consistency reliability was evaluated using Composite Reliability and Cronbach's Alpha. These procedures ensured that the measurement instrument accurately represented the intended latent constructs and produced consistent measurement results.

3.6 Data Analysis Techniques

The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software. PLS-SEM was selected because it is particularly appropriate for studies involving relatively small sample sizes, predictive research objectives, latent variables, and complex structural relationships that include mediating effects. Compared with covariance-based Structural Equation Modeling (CB-SEM), PLS-SEM provides greater flexibility in handling non-normal data distributions and offers robust parameter estimation under limited sample conditions. The data analysis procedure consisted of two major stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

The first stage involved assessing the measurement model to determine whether the research instrument demonstrated adequate validity and reliability. Convergent validity was evaluated using standardized factor loadings and the Average Variance Extracted (AVE). Following the recommendations of Hair et al. (2022), indicator loadings greater than 0.70 and AVE values exceeding 0.50 indicate satisfactory convergent validity. Indicators with lower loading values were carefully evaluated to determine whether they should be retained or removed based on their contribution to construct validity. Discriminant validity was subsequently examined to ensure that each latent construct measured a distinct conceptual dimension. This assessment was conducted using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). Adequate discriminant validity indicates that each construct is empirically distinguishable from the other constructs included in the structural model. The reliability of each construct was evaluated using Composite Reliability (CR) and Cronbach's Alpha. Composite Reliability values above 0.70 indicate satisfactory internal consistency, whereas Cronbach's Alpha values exceeding 0.70 demonstrate acceptable reliability of the measurement instrument. Together, these indices confirm that the questionnaire consistently measures the intended latent variables.

Following the evaluation of the measurement model, the structural model (inner model) was analyzed to examine the hypothesized causal relationships among the constructs. The structural model assessment included several statistical indicators, including path coefficients (β), t-statistics, p-values, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). The significance of the hypothesized relationships was evaluated using the bootstrapping procedure with a large number of resampling iterations to generate stable standard errors and confidence intervals. A hypothesis was considered statistically supported when the p-value was less than 0.05 and the corresponding t-statistic exceeded 1.96 at the 5% significance level.

To examine the mediating role of Job Satisfaction, indirect effects were estimated using the bootstrapping procedure. Mediation analysis assessed whether rewards, incentives, and internal communication influenced employee performance directly or indirectly through job satisfaction. The significance of the indirect effects was determined using the corresponding bootstrapped confidence intervals and p-values. Finally, the overall explanatory and predictive capabilities of the proposed research model were assessed using R^2, Q^2, and effect size (f^2) statistics. These indicators provide valuable information regarding the proportion of variance explained by the model, its predictive relevance, and the relative contribution of each exogenous construct to the endogenous variables. Collectively, these analytical procedures ensure a rigorous evaluation of both the measurement properties and the structural relationships proposed in the conceptual framework.

3.7 Validity, Reliability, and Trustworthiness

Ensuring the validity, reliability, and trustworthiness of the research instrument is essential for producing accurate and credible empirical findings. In this study, the measurement model was rigorously evaluated using the procedures recommended for Partial Least Squares Structural Equation Modeling (PLS-SEM). These procedures ensured that each latent construct was measured accurately, consistently, and distinctly from the other constructs included in the proposed research model. Convergent validity was assessed by examining the standardized factor loadings and the Average Variance Extracted (AVE) for each construct. According to Hair et al. (2022), indicator loadings greater than 0.70 indicate that the observed variables adequately represent their respective latent constructs. Likewise, AVE values exceeding 0.50 demonstrate that each construct explains more than half of the variance in its indicators, thereby confirming satisfactory convergent validity.

To ensure that each construct represented a unique conceptual dimension, discriminant validity was evaluated using both the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). The Fornell-Larcker criterion requires that the square root of the AVE for each construct exceeds its correlations with other constructs. In addition, HTMT values below the recommended threshold indicate that the latent variables are empirically distinct from one another. These procedures confirm that each construct measures a unique concept without excessive overlap with other variables included in the model. The reliability of the research instrument was evaluated using Composite Reliability (CR) and Cronbach's Alpha. Composite Reliability values greater than 0.70 indicate satisfactory internal consistency among measurement items, while Cronbach's Alpha values above 0.70 demonstrate acceptable reliability for exploratory and explanatory research. The use of both reliability indices provides stronger evidence that the questionnaire consistently measures the intended constructs.

Beyond statistical validity and reliability, this study also emphasized the trustworthiness of the research process. Several procedures were implemented to enhance the credibility and dependability of the findings. First, the measurement indicators were adapted from well-established theoretical frameworks and previously validated empirical studies to ensure content validity. Second, all respondents received identical instructions and completed the same standardized questionnaire, thereby minimizing measurement bias. Third, data collection was conducted systematically within a defined period using a census approach to ensure that every eligible employee had an equal opportunity to participate. Finally, data analysis was performed using SmartPLS, which provides robust parameter estimation even when sample sizes are relatively small or data distributions deviate from normality. Collectively, these procedures ensured that the research findings possess a high degree of validity, reliability, and methodological rigor, thereby increasing confidence in the interpretation of the empirical results.

3.8 Ethical Considerations

This study was conducted in accordance with generally accepted principles of research ethics to ensure the protection of participants' rights, privacy, and well-being throughout the research process. Ethical considerations were incorporated into every stage of the study, from data collection to the reporting of research findings. Prior to questionnaire administration, all participants were informed about the objectives of the research, the nature of their participation, and the intended academic use of the collected data. Respondents were clearly informed that their participation was entirely voluntary and that they could decline participation or withdraw from the study at any stage without experiencing any negative consequences.

To protect participants' privacy, all responses were treated with strict confidentiality. No personally identifiable information was included in the research database, and individual responses were analyzed only in aggregate form. Consequently, the identity of each respondent remained anonymous throughout the research process. The researchers also ensured that the collected information was used solely for academic and scientific purposes. Under no circumstances were the data disclosed to unauthorized parties or utilized for purposes unrelated to the objectives of the study. Furthermore, the data were analyzed objectively without manipulation, selective reporting, or intentional omission of research findings. Throughout the research process, the principles of honesty, transparency, integrity, and objectivity were maintained. The researchers reported the findings accurately, regardless of whether the empirical results supported the proposed hypotheses. These ethical practices contribute to the credibility and scientific integrity of the study while strengthening confidence in the reported conclusions.

3.9 Research Procedure

The research procedure was carried out systematically through several sequential stages to ensure methodological rigor and consistency throughout the study. The first stage involved identifying the research problem through observations of organizational performance and an extensive review of the relevant literature. This stage enabled the researchers to identify theoretical issues, empirical inconsistencies, and practical challenges related to employee performance within the Order to Cash (O2C) Department of PT OCS Global Services. The second stage focused on developing the conceptual framework and formulating the research hypotheses. The framework was constructed based on the integration of Herzberg's Two-Factor Theory, Expectancy Theory, and Social Exchange Theory, together with evidence from previous empirical studies concerning rewards, incentives, internal communication, job satisfaction, and employee performance.

The third stage involved the development of the research instrument. Questionnaire items were adapted from established measurement scales reported in previous studies and adjusted to reflect the organizational context of PT OCS Global Services. The questionnaire was carefully reviewed to ensure that all items were clear, relevant, and easily understood by the respondents. The fourth stage consisted of data collection. Using the total sampling technique, questionnaires were distributed to all employees within the Order to Cash Department. Respondents completed the questionnaires voluntarily after receiving explanations regarding the purpose of the research and assurances concerning the confidentiality of their responses.

Following data collection, the fifth stage involved data screening and evaluation of the measurement model. The collected data were examined for completeness before validity and reliability assessments were conducted. Only after confirming the adequacy of the measurement model were the data subjected to structural model analysis. The sixth stage consisted of testing the structural model and research hypotheses using Partial Least Squares Structural Equation Modeling (PLS-SEM). The analysis evaluated both direct and indirect relationships among rewards, incentives, internal communication, job satisfaction, and employee performance. Mediation analysis was subsequently performed to determine the role of job satisfaction in transmitting the effects of organizational practices to employee performance.

Finally, the last stage involved interpreting the empirical findings, drawing research conclusions, discussing theoretical and managerial implications, and formulating recommendations for future research. These recommendations were intended to support the development of human resource management theory while providing practical guidance for organizations seeking to improve employee performance through integrated management strategies.

3.10 Methodological Limitations

Despite the rigorous research procedures employed in this study, several methodological limitations should be acknowledged when interpreting the findings. First, this study employed a cross-sectional research design, whereby data were collected at a single point in time. Although this design is appropriate for examining relationships among variables, it does not capture changes in employees' perceptions or organizational practices over time. Consequently, the findings should be interpreted as representing the organizational conditions that existed during the period of data collection. Future research may adopt longitudinal designs to investigate how rewards, incentives, communication practices, and job satisfaction evolve and influence employee performance over extended periods.

Second, the study relied primarily on self-reported questionnaire data, which may be subject to common method bias and respondent subjectivity. Although confidentiality was emphasized to encourage honest responses, participants' perceptions may still have been influenced by personal experiences, emotions, or social desirability. Future studies are encouraged to complement questionnaire data with supervisor evaluations, objective performance indicators, interviews, or qualitative approaches to obtain a more comprehensive understanding of employee performance. Third, the research was conducted exclusively within the Order to Cash (O2C) Department of PT OCS Global Services. While this organizational context provides valuable insights into employee performance within a service-oriented business environment, the findings may not be directly generalizable to other departments, organizations, or industries that possess different organizational cultures, operational characteristics, or human resource management practices. Therefore, caution should be exercised when extending the results beyond the specific context examined in this study.

Fourth, although the proposed model incorporates important financial and non-financial determinants of employee performance, other organizational and individual factors may also influence employee outcomes. Variables such as transformational leadership, organizational culture, employee engagement, work-life balance, psychological empowerment, organizational justice, and emotional intelligence were not included in the present model. Future research could incorporate these variables to develop a more comprehensive understanding of employee performance. Finally, although PLS-SEM is highly suitable for predictive research involving relatively small samples and complex mediation models, the use of a larger sample drawn from multiple organizations would improve the external validity and generalizability of future studies. Multi-organizational or cross-industry investigations may also provide broader insights into the applicability of the proposed conceptual framework across different organizational contexts.

Despite these limitations, the present study provides meaningful theoretical and practical contributions by integrating financial and non-financial organizational factors into a comprehensive model of employee performance. The findings offer valuable empirical evidence regarding the mediating role of job satisfaction while providing practical implications for organizations seeking to enhance employee performance through effective human resource management practices.

4. Results and Discussion

The findings of this study indicate that rewards, incentives, and internal communication positively influence employees' job satisfaction, which subsequently contributes to improved employee performance. Among the three organizational factors, incentives demonstrated the strongest direct effect on employee performance, whereas rewards and internal communication primarily influenced performance indirectly through job satisfaction as a mediating variable. These findings suggest that job satisfaction plays a crucial role in strengthening the relationship between organizational practices and employee performance. Overall, the empirical results support major motivational theories, particularly Expectancy Theory, Herzberg's Two-Factor Theory, and Social Exchange Theory. Employees who perceive fair compensation, receive organizational recognition, and experience supportive communication are more likely to develop positive work attitudes, resulting in higher levels of job satisfaction and improved performance. Consequently, organizations should integrate both financial and non-financial human resource management practices to maximize employee performance.

4.1 Measurement Model Assessment

The evaluation of the measurement model demonstrated that all measurement indicators satisfied the recommended validity and reliability criteria. Specifically, all indicator factor loadings exceeded the threshold value of 0.70, indicating satisfactory convergent validity. These results confirm that each indicator adequately represents its respective latent construct. Furthermore, the Average Variance Extracted (AVE) values for all constructs were greater than 0.50, demonstrating that each latent variable explained more than half of the variance of its corresponding indicators. Therefore, all constructs possessed acceptable convergent validity. The reliability assessment also produced satisfactory results. Both Composite Reliability and Cronbach's Alpha values exceeded the recommended threshold of 0.70 for every construct, indicating a high level of internal consistency among the measurement items. These findings confirm that the research instrument provides reliable and consistent measurements of rewards, incentives, internal communication, job satisfaction, and employee performance.

Discriminant validity was subsequently evaluated using the Fornell-Larcker Criterion and the Heterotrait-Monotrait Ratio (HTMT). The results demonstrated that each construct was empirically distinct from the others, confirming that the latent variables measured different conceptual dimensions.

Consequently, the measurement model was considered valid and suitable for subsequent structural model analysis.

4.2 Structural Model Assessment

Following confirmation of the adequacy of the measurement model, the structural model was evaluated to examine the relationships among the latent variables. The coefficient of determination (R^2) indicated that both job satisfaction and employee performance were explained at a moderate level, suggesting that the independent variables collectively accounted for a substantial proportion of the variance in the endogenous constructs. The effect size (f^2) analysis revealed that incentives produced the largest contribution to employee performance, indicating that performance-based financial compensation represents the strongest predictor within the proposed model. In contrast, rewards and internal communication exhibited relatively smaller effect sizes, suggesting that their influence on employee performance occurs primarily through indirect mechanisms rather than direct effects. To ensure the robustness of the structural model, multicollinearity was assessed using the Variance Inflation Factor (VIF). All VIF values were below the recommended threshold of 5.00, indicating the absence of multicollinearity among the predictor variables. This result confirms that the estimated path coefficients are statistically reliable and unaffected by excessive correlations among the independent variables. Finally, the model demonstrated satisfactory predictive capability, as indicated by the Q^2 (predictive relevance) values. These findings suggest that the proposed structural model possesses adequate predictive accuracy and is capable of explaining employee performance within the organizational context of the Order to Cash Department at PT OCS Global Services.

Table 1. Results of Hypothesis Testing

Hypothesis	Path Relationship	β (Original Sample)	t-value	p-value	Decision
H1	Rewards → Job Satisfaction	0.424	3.160	0.002	Supported
H2	Incentives → Job Satisfaction	0.299	2.349	0.019	Supported
H3	Internal Communication → Job Satisfaction	0.225	2.314	0.021	Supported
H4	Rewards → Employee Performance	0.175	1.425	0.154	Not Supported
H5	Incentives → Employee Performance	0.489	3.914	<0.001	Supported
H6	Internal Communication → Employee Performance	-0.047	0.655	0.512	Not Supported
H7	Job Satisfaction → Employee Performance	0.397	3.864	<0.001	Supported
H8	Rewards → Job Satisfaction → Employee Performance	0.168	2.491	0.013	Supported
H9	Incentives → Job Satisfaction → Employee Performance	0.119	2.035	0.042	Supported
H10	Internal Communication → Job Satisfaction → Employee Performance	0.089	1.747	0.081	Not Supported

Source: Master's Thesis on the Effects of Rewards and Incentives on Employee Job Satisfaction (2026).

4.3 Research Results

The hypothesis testing results reveal several important findings regarding the relationships among rewards, incentives, internal communication, job satisfaction, and employee performance.

Effects on Job Satisfaction

The empirical findings demonstrate that all three exogenous variables significantly enhance employees' job satisfaction. Rewards exhibit the strongest influence on job satisfaction ($\beta = 0.424$, $p = 0.002$), followed by incentives ($\beta = 0.299$, $p = 0.019$) and internal communication ($\beta = 0.225$, $p = 0.021$). These results indicate that both financial and non-financial organizational practices contribute positively to employees' psychological well-being and workplace satisfaction. The positive effects suggest that employees become more satisfied when they perceive organizational recognition, receive fair performance-based compensation, and experience effective communication within the workplace. Consequently, hypotheses H1, H2, and H3 are supported.

Direct Effects on Employee Performance

Among the three organizational factors, only incentives exert a significant direct effect on employee performance ($\beta = 0.489$, $p < 0.001$). This finding indicates that performance-based financial incentives serve as a powerful motivational mechanism that directly encourages employees to improve their work outcomes. Conversely, the direct effects of rewards ($\beta = 0.175$, $p = 0.154$) and internal communication ($\beta = -0.047$, $p = 0.512$) on employee performance are statistically insignificant. Although these variables positively contribute to employees' work experiences, their influence on performance appears to occur indirectly through employees' psychological responses rather than through immediate behavioral changes. Therefore, H5 is supported, whereas H4 and H6 are rejected.

Effect of Job Satisfaction on Employee Performance

The results further indicate that job satisfaction has a positive and statistically significant effect on employee performance ($\beta = 0.397$, $p < 0.001$). Employees who experience higher levels of job satisfaction tend to demonstrate greater productivity, stronger commitment, higher work quality, and improved overall performance. This finding confirms that job satisfaction functions as an important psychological mechanism through which organizational practices influence employee outcomes. Accordingly, H7 is supported.

Mediating Role of Job Satisfaction

The mediation analysis demonstrates that job satisfaction significantly mediates the effects of rewards and incentives on employee performance. The indirect effect of rewards through job satisfaction is statistically significant ($\beta = 0.168$, $p = 0.013$), indicating that organizational recognition improves employee performance primarily by increasing employees' satisfaction with their jobs. Similarly, incentives significantly influence employee performance indirectly through job satisfaction ($\beta = 0.119$, $p = 0.042$). This finding suggests that financial incentives not only encourage employees to perform better directly but also strengthen their positive attitudes toward work, which subsequently improves performance. However, the indirect effect of internal communication through job satisfaction is not statistically significant ($\beta = 0.089$, $p = 0.081$). Although internal communication contributes significantly to job satisfaction, its indirect influence on employee performance is insufficient to achieve statistical significance. Therefore, H8 and H9 are supported, whereas H10 is not supported.

Summary of the Main Findings

Overall, the results indicate that financial factors, particularly incentives, represent the strongest direct determinant of employee performance, whereas job satisfaction serves as a crucial mediating mechanism linking organizational practices to employee performance. The findings demonstrate that organizations should not rely solely on financial compensation but should simultaneously strengthen employees' psychological well-being through recognition and supportive organizational practices. Such an integrated human resource management strategy is expected to produce sustainable improvements in employee performance.

Research Discussion

Interpretation of the Research Findings

The findings of this study provide important empirical evidence regarding the relationships among rewards, incentives, internal communication, job satisfaction, and employee performance within the Order to Cash (O2C) Department of PT OCS Global Services. Overall, the proposed research model demonstrates that both financial and non-financial organizational practices contribute to employee performance; however, their mechanisms of influence differ substantially. Financial incentives exert a strong direct influence on employee performance, whereas rewards and internal communication primarily improve performance indirectly through employees' job satisfaction. These findings emphasize the importance of integrating organizational policies that address both tangible and psychological aspects of employee motivation.

The results indicate that rewards significantly enhance employees' job satisfaction ($\beta = 0.424$, $p = 0.002$), thereby supporting Hypothesis 1. This finding suggests that employees who perceive organizational recognition and appreciation for their contributions develop more positive attitudes toward their work. Organizational rewards not only fulfill employees' expectations regarding fairness but also strengthen their sense of belonging and organizational commitment. Consequently, employees become more satisfied with their jobs because they perceive that their efforts are acknowledged and valued by the organization. This finding is highly consistent with Herzberg's Two-Factor Theory, which classifies recognition and achievement as intrinsic motivators capable of generating genuine job satisfaction. According to Herzberg, employees derive satisfaction not merely from monetary compensation but also from opportunities for recognition, achievement, and professional growth. The present findings indicate that reward systems extending beyond financial compensation contribute significantly to employees' psychological well-being and overall workplace satisfaction.

Similarly, incentives significantly improve job satisfaction ($\beta = 0.299$, $p = 0.019$), supporting Hypothesis 2. Performance-based incentives encourage employees to perceive a clear relationship between individual effort and organizational rewards. Employees who believe that outstanding performance will be rewarded fairly tend to experience greater motivation and stronger satisfaction with their work environment. Incentive systems therefore function not only as financial compensation mechanisms but also as organizational signals that employee contributions are appreciated and fairly evaluated. These findings strongly support Expectancy Theory (Vroom, 1964), which proposes that employees increase their work effort when they believe that higher performance will lead to valuable rewards. The significant relationship identified in this study confirms that transparent and equitable incentive systems enhance employees' confidence in organizational reward mechanisms, thereby increasing both motivation and job satisfaction.

The results further demonstrate that internal communication positively influences job satisfaction ($\beta = 0.225$, $p = 0.021$), confirming Hypothesis 3. Effective communication enables employees to understand organizational objectives, performance expectations, operational procedures, and managerial decisions more clearly. In addition, transparent communication reduces uncertainty, minimizes role ambiguity, and strengthens interpersonal relationships within the organization. Employees who receive timely information and constructive feedback generally experience greater trust in management and higher satisfaction with their working environment. From the perspective of Social Exchange Theory, effective communication represents an important form of organizational support. When organizations communicate openly and involve employees in information sharing, employees perceive greater organizational respect and fairness. These positive perceptions encourage reciprocal attitudes characterized by stronger organizational commitment, higher trust, and greater job satisfaction. Therefore, internal communication serves as an important organizational mechanism for improving employees' psychological well-being.

The direct effects on employee performance reveal a substantially different pattern. Among the three organizational practices investigated, only incentives significantly influence employee performance directly ($\beta = 0.489$, $p < 0.001$), supporting Hypothesis 5. This finding suggests that performance-based financial incentives constitute the strongest motivational factor affecting employee productivity within the Order to Cash Department. Employees working in financial operations frequently perform tasks requiring high levels of accuracy, timeliness, and accountability. Under such conditions, incentive systems directly linked to measurable performance indicators encourage employees to increase their productivity and maintain higher performance standards. Financial rewards associated with specific performance targets create immediate behavioral responses because employees clearly understand the relationship between effort, performance, and compensation. This finding again supports Expectancy Theory, which emphasizes that employees are more willing to exert additional effort when organizational reward systems clearly connect performance outcomes with valuable incentives. The relatively large path coefficient obtained in this study indicates that financial incentives remain one of the most influential organizational mechanisms for enhancing employee performance, particularly within operational departments characterized by measurable performance indicators.

In contrast, rewards do not significantly influence employee performance directly ($\beta = 0.175$, $p = 0.154$), leading to the rejection of Hypothesis 4. Although rewards significantly improve job satisfaction, they appear insufficient to produce immediate behavioral changes in employee performance. This finding suggests that organizational recognition functions primarily as a psychological resource rather than a direct performance driver. Employees may perceive recognition as increasing their appreciation and emotional attachment to the organization; however, these positive attitudes require additional psychological processes before translating into measurable improvements in work performance. Therefore, rewards appear to influence employee performance indirectly through enhanced job satisfaction rather than through immediate motivational effects. A similar pattern is observed for internal communication, which does not significantly affect employee performance directly ($\beta = -0.047$, $p = 0.512$), resulting in the rejection of Hypothesis 6. Although communication improves employees' understanding of organizational objectives and contributes positively to job satisfaction, effective communication alone does not necessarily increase employee productivity.

Within the operational context of the Order to Cash Department, employees' performance may depend more heavily on technical competencies, performance management systems, workload distribution, and financial incentives than on communication practices alone. Consequently, communication should be viewed as an enabling organizational condition that supports employee effectiveness rather than as an independent determinant of performance. Finally, the results demonstrate that job satisfaction significantly improves employee performance ($\beta = 0.397$, $p < 0.001$), confirming Hypothesis 7. Employees who experience greater satisfaction with their work exhibit stronger organizational commitment, higher motivation, greater responsibility, and improved productivity. Satisfied employees are also more likely to exceed minimum job requirements, collaborate effectively with colleagues, and contribute positively to organizational objectives. This finding reinforces the central proposition of Social Exchange Theory, which argues that employees reciprocate favorable organizational treatment with positive workplace behaviors. When employees perceive organizational support through fair rewards, equitable incentives, and effective communication, they develop higher job satisfaction, which subsequently encourages them to perform at higher levels. Job satisfaction therefore functions as a critical psychological mechanism translating organizational practices into improved employee performance.

Comparison with Previous Studies

The findings of this study are generally consistent with previous empirical research examining the determinants of employee performance. The significant positive effect of incentives on employee performance supports the findings of Al-Zahrani and Al-Harbi (2023), who concluded that performance-based compensation significantly enhances employee productivity by increasing work motivation and reinforcing employees' perceptions of organizational fairness. Similarly, Iskamto et al. (2024) reported that financial incentives improve both employee motivation and organizational performance, particularly when incentive systems are implemented transparently and consistently. The significant relationship between rewards and job satisfaction identified in this study is also consistent with the findings of Aini and Frianto (2020), who demonstrated that organizational recognition substantially improves employees' job satisfaction by fulfilling psychological needs for appreciation and achievement. Both studies emphasize that rewards primarily function as intrinsic motivators that strengthen employees' emotional attachment to their work rather than directly increasing performance outcomes. Furthermore, the positive influence of internal communication on job satisfaction aligns with the research conducted by Vokić et al. (2022), which found that transparent communication enhances employee engagement, organizational trust, and workplace satisfaction. Effective communication improves employees' perceptions of organizational support while reducing uncertainty regarding organizational goals and expectations.

However, the present findings differ from several previous studies that reported significant direct effects of internal communication on employee performance. The absence of a significant direct relationship in this study may reflect differences in organizational context, industry characteristics, or job responsibilities. Within the Order to Cash Department, performance is largely determined by operational efficiency, technical competence, and measurable productivity indicators. Consequently, communication alone may not be sufficient to produce immediate improvements in employee performance without being accompanied by appropriate motivational and performance management practices. Overall, these findings strengthen the growing body of literature suggesting that organizational practices influence employee performance through multiple psychological pathways rather than through simple direct relationships. Specifically, the results highlight the central role of job satisfaction as a mechanism linking organizational support with employee behavioral outcomes. This integrated perspective contributes to a more comprehensive understanding of employee performance by simultaneously considering financial incentives, organizational recognition, communication quality, and employees' psychological responses within a single conceptual framework.

Mediating Role of Job Satisfaction

One of the most important contributions of this study is the empirical confirmation of the mediating role of job satisfaction in explaining how organizational practices influence employee performance. The mediation analysis demonstrates that job satisfaction serves as a psychological mechanism through which rewards and incentives are translated into improved employee performance.

However, this mediating role was not supported in the relationship between internal communication and employee performance. The findings reveal that job satisfaction significantly mediates the relationship between rewards and employee performance ($\beta = 0.168$, $p = 0.013$), thereby supporting Hypothesis 8. Although rewards did not exhibit a statistically significant direct effect on employee performance, they significantly improved employees' job satisfaction, which subsequently enhanced their work performance. This finding suggests that organizational recognition alone is insufficient to generate immediate behavioral changes. Instead, recognition first influences employees' psychological states by increasing feelings of appreciation, organizational support, and emotional attachment before these positive attitudes are reflected in higher levels of performance.

This result provides strong empirical support for Herzberg's Two-Factor Theory, which emphasizes that recognition functions primarily as a motivational factor that enhances employees' intrinsic satisfaction rather than directly influencing productivity. Employees who feel appreciated become more committed to organizational goals, demonstrate stronger work engagement, and are more willing to invest additional effort in completing their responsibilities. Consequently, job satisfaction becomes the mechanism through which recognition is transformed into improved employee performance. The findings also reinforce the assumptions of Social Exchange Theory. Blau (1964) argues that employees naturally reciprocate favorable organizational treatment through positive workplace behaviors. When organizations recognize employees' achievements through appropriate reward systems, employees perceive that the organization values their contributions. This perception creates an obligation to reciprocate by exhibiting greater commitment, stronger organizational citizenship behavior, and ultimately better job performance. Therefore, job satisfaction represents an essential psychological process linking organizational appreciation with employee behavior.

Similarly, the results indicate that job satisfaction significantly mediates the relationship between incentives and employee performance ($\beta = 0.119$, $p = 0.042$), supporting Hypothesis 9. This finding demonstrates that incentives influence employee performance through two complementary pathways. First, incentives directly encourage employees to increase their work effort because financial rewards are explicitly linked to performance outcomes. Second, incentives also improve employees' satisfaction with their jobs, which subsequently strengthens their motivation, organizational commitment, and productivity. The dual mechanism identified in this study provides additional support for Expectancy Theory. Employees who believe that high performance will result in desirable financial rewards are more likely to invest greater effort in achieving organizational objectives. At the same time, fair and transparent incentive systems increase employees' satisfaction because they perceive organizational compensation practices as equitable and performance-oriented. Consequently, incentives generate both immediate behavioral responses and longer-term psychological commitment. These findings suggest that incentive systems should not be viewed solely as compensation mechanisms but also as strategic human resource management tools capable of enhancing employees' emotional attachment to the organization. Organizations that successfully integrate financial incentives with supportive organizational practices are therefore more likely to achieve sustainable improvements in employee performance.

In contrast, job satisfaction did not significantly mediate the relationship between internal communication and employee performance ($\beta = 0.089$, $p = 0.081$), resulting in the rejection of Hypothesis 10. Although internal communication significantly improved job satisfaction, the resulting indirect effect was insufficient to produce a statistically significant improvement in employee performance. Several explanations may account for this finding. First, the operational characteristics of the Order to Cash Department emphasize measurable performance indicators such as invoice processing speed, collection effectiveness, transaction accuracy, and compliance with service-level agreements. Under these conditions, communication primarily facilitates coordination and information sharing rather than directly motivating employees to achieve higher performance.

Second, communication may influence employee performance only when combined with additional organizational resources such as transformational leadership, employee empowerment, organizational culture, performance coaching, or knowledge-sharing practices. Without these complementary organizational factors, improvements in communication alone may not be sufficient to generate measurable behavioral changes. Third, employees within operational departments frequently rely on standardized procedures, established workflows, and formal performance evaluation systems. Consequently, communication functions more as a supporting mechanism that enables employees to perform their duties efficiently rather than as an independent determinant of performance outcomes. These findings indicate that communication remains an important organizational resource because it contributes positively to employees' psychological well-being and organizational climate. However, communication should be integrated with broader human resource management strategies to maximize its influence on employee performance.

Theoretical Contributions

This study makes several important contributions to the existing literature on human resource management and organizational behavior. First, the study provides empirical evidence supporting the integration of Herzberg's Two-Factor Theory, Expectancy Theory, and Social Exchange Theory within a single conceptual framework. Previous studies have generally examined these theoretical perspectives independently, whereas the present study demonstrates that they complement one another in explaining employee performance. The findings concerning rewards reinforce Herzberg's proposition that recognition primarily functions as an intrinsic motivator that enhances employees' psychological satisfaction. Rather than directly increasing productivity, organizational recognition strengthens employees' emotional attachment to their work, which subsequently contributes to improved performance through enhanced job satisfaction. The results regarding incentives strongly support Expectancy Theory by confirming that employees respond positively to compensation systems explicitly linked to measurable performance outcomes. Incentives represent the strongest direct predictor of employee performance in this study, demonstrating that employees are motivated to increase their effort when they perceive a clear relationship between performance and rewards.

Furthermore, the significant relationships involving job satisfaction provide substantial support for Social Exchange Theory. Employees who perceive organizational support through recognition, fair compensation, and effective communication develop positive reciprocal attitudes characterized by stronger organizational commitment and improved work performance. Second, this study contributes to the employee performance literature by demonstrating that organizational practices influence employee performance through different mechanisms. Financial incentives directly affect performance, whereas rewards primarily influence performance indirectly through employees' psychological responses. This distinction provides a more nuanced understanding of organizational motivation than previous studies that assumed uniform direct relationships among human resource management practices and employee performance.

Third, the study highlights the central role of job satisfaction as a mediating construct. The results indicate that organizational practices do not automatically translate into improved performance. Instead, employees first interpret organizational policies, evaluate their fairness and usefulness, and develop psychological responses that subsequently influence their workplace behavior. This finding enriches existing organizational behavior literature by emphasizing employees' psychological processes rather than focusing exclusively on observable organizational practices. Fourth, the study contributes methodologically by integrating financial factors (rewards and incentives) and non-financial factors (internal communication) into a single structural model analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). This comprehensive approach provides a more holistic explanation of employee performance than studies examining these organizational variables separately.

Finally, the present research extends empirical evidence within the context of a business process outsourcing and service organization, specifically the Order to Cash Department of PT OCS Global Services. Much previous research has focused on manufacturing firms, public organizations, or educational institutions. By investigating employee performance within a financial operations environment, this study broadens the applicability of motivational theories to service-oriented organizations characterized by performance-based operational processes. Overall, these theoretical contributions strengthen the understanding that employee performance results from the interaction between organizational practices and employees' psychological responses rather than from organizational policies alone. Consequently, future human resource management research should continue integrating motivational, psychological, and organizational perspectives to explain employee behavior more comprehensively.

Practical and Policy Implications

The findings of this study provide several important practical implications for managers and human resource practitioners, particularly within service organizations that depend heavily on operational efficiency and employee productivity. The results indicate that improving employee performance requires a balanced strategy that combines financial incentives with initiatives aimed at enhancing employees' psychological well-being. The most prominent finding is the significant direct effect of performance-based incentives on employee performance. This result suggests that organizations should continuously evaluate and improve their incentive systems to ensure that compensation is directly linked to measurable performance outcomes. Within the Order to Cash (O2C) Department, incentive schemes should be aligned with key performance indicators (KPIs), such as invoice processing speed, collection effectiveness, transaction accuracy, compliance with service-level agreements (SLAs), and customer service quality. Employees are more likely to increase their effort and productivity when they clearly understand how their performance influences the incentives they receive.

Although organizational rewards did not directly influence employee performance, they significantly enhanced job satisfaction, which subsequently improved performance through an indirect mechanism. Therefore, organizations should complement financial compensation with well-designed recognition programs that acknowledge employees' achievements and contributions. Such recognition may include employee appreciation awards, promotion opportunities, professional development programs, public acknowledgment of outstanding performance, and career advancement initiatives. Recognition systems should be transparent, objective, and based on clearly defined performance criteria to maximize their motivational impact. The findings also demonstrate that internal communication significantly contributes to employees' job satisfaction. Consequently, organizational communication should focus not only on disseminating information but also on improving coordination, transparency, and employee involvement. Managers should provide timely feedback, clearly communicate organizational objectives, and encourage two-way communication between supervisors and employees. In operational departments such as Order to Cash, effective communication regarding daily targets, workflow priorities, performance expectations, and operational challenges can reduce uncertainty while strengthening employee engagement.

Furthermore, the significant role of job satisfaction suggests that organizations should implement comprehensive employee engagement initiatives designed to improve the overall work experience. Such initiatives may include clarifying job responsibilities, balancing employee workloads, strengthening supervisor support, providing career development opportunities, and creating recognition systems that reflect employees' contributions. These initiatives contribute to a positive organizational climate in which employees feel valued, motivated, and committed to organizational success. From a broader human resource management perspective, the findings indicate that financial and non-financial organizational practices should not be implemented independently. Instead, organizations should develop integrated human resource management strategies that simultaneously address compensation, recognition, communication, employee development, and organizational support. Such integration is likely to generate sustainable improvements in employee satisfaction, organizational commitment, and long-term performance. From a policy perspective, organizational leaders should regularly evaluate the effectiveness of compensation systems and employee satisfaction programs using objective performance indicators and employee feedback. Continuous evaluation enables organizations to identify weaknesses in existing policies while ensuring that human resource management practices remain aligned with organizational objectives and employee expectations.

Integration with the Research Gap

One of the primary objectives of this study was to address several important gaps identified in previous empirical research concerning the determinants of employee performance. Existing studies have generally examined rewards, incentives, internal communication, and job satisfaction separately, resulting in fragmented explanations of employee performance and inconsistent empirical findings. The present study contributes to closing this research gap by integrating financial and non-financial organizational factors into a single conceptual framework. Unlike previous studies that primarily focused on isolated direct relationships, this research simultaneously examines the direct and indirect effects of rewards, incentives, and internal communication on employee performance through the mediating role of job satisfaction.

The findings reveal that organizational practices influence employee performance through different mechanisms. Specifically, incentives directly improve employee performance, whereas rewards primarily exert indirect effects through job satisfaction. Internal communication enhances employees' job satisfaction but does not significantly influence employee performance either directly or indirectly. These differentiated mechanisms provide a more comprehensive understanding of employee behavior than previous models that assumed similar effects across organizational variables. The results also help explain the inconsistent findings reported in earlier studies. While some previous researchers concluded that rewards and internal communication directly affect employee performance, the present study demonstrates that these variables operate primarily through employees' psychological responses rather than immediate behavioral changes. This finding suggests that inconsistencies in earlier research may be attributable to differences in organizational context, measurement approaches, or the omission of mediating variables such as job satisfaction. Moreover, by identifying job satisfaction as a significant mediating mechanism linking organizational practices with employee performance, this study extends existing theoretical perspectives and strengthens empirical support for integrated motivational models.

Consequently, the research contributes not only to organizational behavior theory but also to the practical understanding of how human resource management practices influence employee outcomes. Overall, the findings provide a more comprehensive explanation of employee performance by integrating organizational, motivational, and psychological perspectives within a single empirical framework. This integrated approach represents an important advancement over previous studies that investigated these organizational variables independently.

Acknowledgement of Study Limitations

Despite providing meaningful theoretical and practical contributions, this study has several limitations that should be considered when interpreting the findings. First, the study employed a cross-sectional research design, meaning that data were collected at a single point in time. Although this design is appropriate for examining structural relationships among variables, it does not capture changes in employee attitudes or organizational practices over time. Future longitudinal studies could provide deeper insights into how rewards, incentives, communication, and job satisfaction evolve and influence employee performance across different organizational stages. Second, the study relied on self-reported questionnaire data, which may introduce common method bias and subjective evaluation. Although respondents were assured of anonymity and confidentiality, individual perceptions may still have been influenced by personal experiences, emotions, or social desirability. Future research is encouraged to combine self-rereported data with supervisor evaluations, objective performance records, interviews, or qualitative observations to strengthen the validity of the findings.

Third, the research was conducted exclusively within the Order to Cash Department of PT OCS Global Services. Consequently, the findings should be generalized to other organizations or industries with caution because organizational culture, operational processes, and performance management systems may differ substantially across contexts. Replication studies involving multiple organizations, industries, or countries would improve the external validity and generalizability of the proposed research model. Fourth, although the proposed conceptual framework incorporates important organizational determinants of employee performance, additional variables may also contribute to employee outcomes. Factors such as transformational leadership, organizational culture, employee engagement, organizational justice, work-life balance, psychological empowerment, emotional intelligence, and perceived organizational support may further explain variations in employee performance. Future studies are encouraged to incorporate these variables to develop more comprehensive theoretical models.

Finally, while Partial Least Squares Structural Equation Modeling (PLS-SEM) provides robust parameter estimation for predictive research involving relatively small samples, future investigations using larger samples and covariance-based structural equation modeling (CB-SEM) may provide additional opportunities for theory confirmation and model comparison. Despite these limitations, the present study makes significant contributions to both theory and practice by demonstrating that employee performance is influenced by a combination of financial incentives, organizational recognition, effective communication, and employees' psychological responses. The findings reinforce the importance of job satisfaction as a central mechanism through which organizational practices are translated into improved employee performance. Consequently, this research provides valuable guidance for organizations seeking to develop integrated human resource management strategies capable of enhancing employee well-being, organizational commitment, and sustainable performance.

5. Conclusion

5.1 Summary of the Research Findings

This study investigated the effects of rewards, incentives, and internal communication on employee performance, with job satisfaction serving as a mediating variable in the Order to Cash (O2C) Department of PT OCS Global Services. Using Partial Least Squares Structural Equation Modeling (PLS-SEM), the study provides empirical evidence that organizational practices influence employee performance through both direct and indirect mechanisms. The results indicate that rewards, incentives, and internal communication significantly improve employees' job satisfaction. Among these organizational factors, incentives exert the strongest direct influence on employee performance, highlighting the importance of performance-based compensation in enhancing employee productivity.

In contrast, rewards and internal communication do not significantly affect employee performance directly but contribute indirectly by improving employees' job satisfaction. Furthermore, job satisfaction itself has a significant positive effect on employee performance and successfully mediates the relationships between rewards and employee performance as well as between incentives and employee performance. However, the mediating effect of job satisfaction on the relationship between internal communication and employee performance was not statistically significant. Overall, the findings demonstrate that employee performance cannot be explained solely by financial incentives or organizational recognition. Instead, employees' psychological responses, particularly job satisfaction, play a critical role in translating organizational practices into improved workplace performance.

5.2 Theoretical Contributions

This study contributes to the literature on human resource management and organizational behavior in several important ways. First, it extends existing knowledge by integrating financial factors (rewards and incentives) and non-financial factors (internal communication) into a single conceptual framework that explains employee performance through the mediating role of job satisfaction. Unlike many previous studies that examined these variables separately, this research demonstrates how different organizational practices influence employee performance through distinct motivational mechanisms. Second, the findings provide empirical support for the complementary application of Herzberg's Two-Factor Theory**,** Expectancy Theory**,** and Social Exchange Theory. Incentives primarily influence employee performance through expectancy-based motivational processes, whereas rewards and internal communication improve performance indirectly by strengthening employees' psychological satisfaction and perceptions of organizational support. These findings reinforce the importance of integrating multiple motivational theories when explaining employee behavior within contemporary organizations. Third, this study contributes to mediation research by confirming that job satisfaction represents an important psychological mechanism through which organizational practices influence employee performance. The findings therefore provide a more comprehensive understanding of employee motivation by emphasizing both organizational interventions and employees' internal psychological responses.

5.3 Practical and Managerial Implications

The findings offer several practical implications for managers responsible for improving employee performance. Organizations should prioritize the development of transparent and performance-based incentive systems that are directly linked to measurable key performance indicators. In operational departments such as Order to Cash, incentive schemes should reward achievements related to invoice processing efficiency, collection effectiveness, transaction accuracy, and compliance with service-level agreements. Managers should also strengthen organizational recognition programs by implementing fair and objective reward systems that acknowledge employee achievements through both financial and non-financial forms of appreciation. Recognition programs, career development opportunities, and employee appreciation initiatives can significantly improve employees' job satisfaction, thereby indirectly enhancing performance.

In addition, organizations should continue improving internal communication by promoting transparency, timely feedback, effective coordination, and employee participation in organizational decision-making. Although communication alone may not directly improve employee performance, it contributes significantly to creating a positive work environment that supports employee satisfaction and organizational commitment. Overall, the study suggests that organizations should adopt an integrated human resource management strategy that simultaneously addresses compensation, recognition, communication, employee engagement, and workplace satisfaction to achieve sustainable improvements in employee performance.

5.4 Research Limitations and Future Research Directions

Several limitations should be acknowledged when interpreting the findings of this study. First, the cross-sectional research design restricts the ability to examine changes in employee attitudes and organizational practices over time. Future longitudinal studies are recommended to investigate the dynamic relationships among rewards, incentives, communication, job satisfaction, and employee performance. Second, the study relied primarily on self-reported questionnaire data, which may be influenced by respondent subjectivity and common method bias. Future studies should consider incorporating supervisor evaluations, objective performance records, qualitative interviews, or mixed-method approaches to improve measurement validity.

Third, the research was conducted within a single organizational unit, namely the Order to Cash Department of PT OCS Global Services. Consequently, the generalizability of the findings to other industries, organizations, or cultural contexts remains limited. Future research involving multiple organizations and larger sample sizes is recommended to enhance external validity. Finally, future studies are encouraged to expand the proposed conceptual framework by incorporating additional organizational and psychological variables, including transformational leadership, organizational justice, employee engagement, perceived organizational support, organizational culture, psychological empowerment, emotional intelligence, and work-life balance. Examining these variables may provide a more comprehensive explanation of employee performance in different organizational settings.

5.5 Concluding Remarks

In conclusion, this study demonstrates that improving employee performance requires more than the implementation of financial compensation alone. While performance-based incentives remain the strongest direct predictor of employee performance, organizational recognition and effective internal communication contribute substantially by enhancing employees' job satisfaction. These findings emphasize that employee performance is shaped by the interaction between organizational practices and employees' psychological experiences. The study reinforces the importance of adopting a holistic approach to human resource management that integrates financial incentives with supportive organizational practices capable of fostering employee satisfaction, commitment, and engagement. Such an integrated strategy enables organizations not only to improve individual performance but also to strengthen organizational competitiveness and long-term sustainability. By addressing previously identified research gaps and providing empirical evidence from the business service sector, this study contributes to the advancement of both theory and practice in human resource management. It is expected that the findings will serve as a useful reference for researchers, practitioners, and organizational leaders seeking to develop effective strategies for enhancing employee performance in increasingly dynamic and competitive business environments.

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