
The Relationship Between Total Reward Management and Employee Performance: A Case Study of Oil & Gas Company in Indonesia

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Abstract:

These objectives provide a structured framework for in-depth analysis that focuses on specific objectives of the research: determining the relationship between Total Reward Management and employee performance, determining the factors of Total Reward Management that had significant relationship to employees, and giving Recommendation of Total Reward Management Package to increase employee performance in PT Petroleum Upstream Corporation. This study uses a mixed-methods approach, combining surveys of 547 employees and focus group discussions with management. Quantitative data were analyzed using descriptive statistics, reliability tests, and regression analysis, while qualitative data were examined through thematic and root cause analysis to explore the implementation and impact of Total Reward on employee performance. The findings show that Total Reward Management has a positive and significant relationship with employee performance at PT Petroleum Upstream Corporation, fulfilling the first research objective. Each component of total rewards including compensation, benefits, well-being, development, and recognition also demonstrated a significant impact on employee performance, with well-being, recognition, and benefits showing the strongest correlation, thereby addressing the second objective. Based on both quantitative and qualitative analysis, this study recommends enhancing non-financial rewards, particularly in well-being and recognition programs, while maintaining a balanced reward mix. These actionable recommendations support the third objective by offering practical strategies to improve employee performance through an optimized Total Reward Management package.

Keywords: *Total Reward, Compensation & Benefit, Employee Performance, Performance, Oil & Gas*

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1. Introduction

In the dynamic landscape of the modern corporate world, employee performance has become a cornerstone of organizational success. High-performing employees drive productivity, innovation, and overall competitiveness in an increasingly complex and globalized business environment. Optimal employee performance not only enables organizations to achieve their strategic goals but also creates a collaborative and adaptive work culture that fosters long-term sustainability. However, performance outcomes are influenced by a variety of interrelated factors, ranging from leadership style and motivation to reward systems and organizational culture (Chu & Lai, 2011; Idris et al., 2022). Among these, the effectiveness of employee rewards has emerged as a critical determinant of both individual and organizational success.

Employee rewards represent one of the most powerful tools for influencing motivation, engagement, and performance. Total rewards encompass both financial and non-financial incentives, including compensation, benefits, recognition, career development, and work-life balance. WorldatWork (2003) defines total rewards as an integrated framework that combines monetary rewards with developmental and relational components to attract, motivate, and retain employees. Beqiri and Aziri (2022) found that a well-designed total reward system positively influences employee performance in the banking sector, while Harendrakumar et al. (2021) emphasized the importance of measuring total reward satisfaction to ensure alignment with employees' expectations. Similarly, Musaddag et al. (2023) highlighted that sustainable total reward strategies significantly improve employee satisfaction and performance across industries.

Previous studies have demonstrated that both financial and non-financial rewards have a significant impact on employee performance (Felix et al., 2020; Beqiri, 2019). Financial rewards such as bonuses and incentives tend to have short-term effects, while non-financial rewards—including recognition, growth opportunities, and meaningful work—yield long-term motivational outcomes (Thibault Landry & Whillans, 2018). Empirical evidence from various sectors reinforces this distinction. For instance, Fernando and Zuraida (2023) found that compensation and benefits significantly influence job satisfaction and performance among Gen Z employees, while Ani, Okwo, and Inyama (2024) revealed that reward packages directly affect the profitability of oil and gas firms in Nigeria. Despite the consistency of these findings, the degree to which total reward systems shape employee performance in complex industries such as oil and gas remains underexplored.

The oil and gas industry plays a pivotal role in global energy security and national economic development. In Indonesia, the sector contributed approximately 4.325% to GDP in 2024 and accounted for 14.5% of total investment (Government

Statistics, 2024). However, the industry has undergone major structural changes over the past decade. Many assets have transitioned from international to national operators following concession expirations or corporate divestments (Arifin et al., 2024). Such transitions often pose operational and human resource challenges, particularly in maintaining workforce performance and engagement. According to McKinsey (2020), only about 20% of operator transitions in the oil and gas sector are executed successfully, while 60–70% experience performance declines due to issues such as ineffective collaboration and reduced employee morale.

Employee-related challenges are particularly significant during transition periods, when changes in management, systems, and culture can disrupt established performance norms. Studies suggest that inadequate attention to employee motivation and rewards during these phases can result in declining productivity and engagement (Kucaladevi et al., 2021; Indahsari et al., 2023). Alimin, Syahidah, and Sushandoyo (2023) emphasized that strong safety culture and reward-linked programs can improve employee adherence to organizational standards in the oil and gas sector. Nonetheless, many companies continue to focus primarily on financial rewards while overlooking the motivational impact of recognition, career development, and non-monetary benefits that sustain long-term performance (Tarigan et al., 2022).

Despite the extensive literature on the relationship between rewards and performance, a research gap persists regarding how total reward systems influence employee performance in high-risk, capital-intensive industries such as oil and gas. Prior studies have primarily examined rewards in banking (Beqiri & Aziri, 2022), public service (Harendrakumar et al., 2021), and technology sectors (Salsabila & Sunitiyoso, 2023), yet relatively few have analyzed the integrated effects of total reward components—compensation, recognition, development, and well-being—on performance in resource-based industries. This gap limits the generalizability of existing models and calls for further empirical research focusing on the oil and gas sector's unique organizational dynamics (Mokorimban et al., 2023).

The urgency of this research lies in addressing declining performance levels in Indonesia's oil and gas industry during operational transitions and organizational restructuring. As employee performance directly impacts safety, efficiency, and profitability, identifying the reward components that most strongly influence performance becomes a strategic priority. Previous research indicates that an effective reward system can enhance both productivity and corporate financial outcomes (Ugwu & Duru, 2024; Prasetyo et al., 2021). Moreover, fostering engagement through comprehensive reward packages can mitigate turnover risks and strengthen long-term organizational resilience (Pancasasti et al., 2022; Rozi et al., 2024).

The novelty of this study lies in its integrated approach to examining total reward systems within the context of Indonesia's oil and gas sector, a field that combines high technical complexity with significant safety and human capital challenges. Unlike previous studies that isolated monetary or non-monetary aspects, this research adopts a holistic framework that considers compensation, development, recognition, and well-being as interdependent factors influencing performance. It also contextualizes total rewards within the framework of organizational transition and cultural adaptation in a post-divestment environment, providing insights relevant to both policymakers and corporate practitioners.

Therefore, the purpose of this study is to analyze the impact of total rewards on employee performance in Indonesia's oil and gas industry. By integrating insights from previous studies and addressing the existing research gap, this research aims to identify which components of total rewards most significantly drive performance outcomes and how these elements interact in a dynamic, high-risk industrial setting. The findings are expected to contribute theoretically by expanding the application of Total Reward Management in emerging markets and practically by offering strategies to optimize human resource performance during organizational transitions in the energy sector.

2. Theoretical Background

Total Reward and Employee Performance

Employee performance is a crucial determinant of organizational success, influenced by various managerial, motivational, and environmental factors. Among these, total rewards play an increasingly significant role in shaping employee attitudes and behaviors toward work (Beqiri & Aziri, 2022; Musaddag et al., 2023). Total rewards represent a comprehensive approach to compensation, encompassing both financial and non-financial elements such as pay, benefits, recognition, well-being, and professional development (WorldatWork, 2003). According to Beqiri (2019), organizations that implement integrated reward systems experience higher employee motivation and improved job outcomes.

Empirical studies have consistently found that total rewards positively influence employee engagement, job satisfaction, and performance (Thibault Landry & Whillans, 2018; Tarigan et al., 2022). Harendrakumar et al. (2021) demonstrated that total reward satisfaction contributes directly to enhanced performance and retention among public sector employees. Similarly, Musaddag et al. (2023) confirmed that sustainable total reward strategies lead to improved employee motivation and sustainable performance. In the context of the oil and gas sector, Mokorimban, Tumbuan, and Saerang (2023) found that reward systems significantly influence employee performance, particularly in organizations facing high operational risks.

Based on the theoretical and empirical evidence, the following hypothesis is proposed:

H1: *Composite Total Reward has a positive and significant relationship with employee performance.*

Compensation and Employee Performance

Compensation remains one of the most direct and influential components of total rewards. It includes salaries, bonuses, incentives, and other forms of financial remuneration that satisfy employees' economic needs and reinforce desired behaviors. Compensation not only serves as a fundamental motivator but also acts as a tangible indicator of organizational value and fairness (Prasetyo et al., 2021; Felix et al., 2020). According to Beqiri & Aziri (2022), equitable and performance-linked compensation enhances employee productivity and goal alignment within organizations.

Research across industries has supported the positive relationship between compensation and performance. In Nigeria's oil and gas industry, Ani, Okwo, and Inyama (2024) found that effective reward and compensation packages directly improve firm profitability and employee output. Similarly, Ugwu and Duru (2024) demonstrated that structured compensation systems foster commitment and enhance performance outcomes. Prasetyo et al. (2021) confirmed that in the Indonesian context, fair compensation and discipline significantly affect employees' performance in various sectors. Thus, compensation is a fundamental component in stimulating employee motivation and productivity.

H2: *Compensation has a positive and significant relationship with employee performance.*

Benefits and Employee Performance

Employee benefits, including insurance, retirement plans, and other non-cash perks, serve as essential instruments for promoting security, satisfaction, and loyalty among employees. Benefits complement financial compensation by addressing employees' well-being and personal needs, which in turn enhances their commitment to organizational objectives (Harendrakumar et al., 2021). Beqiri & Aziri (2022) emphasized that organizations offering comprehensive benefits packages are more likely to maintain motivated and engaged employees.

Empirical studies in developing economies highlight the significant role of benefits in influencing work behavior. Fernando and Zuraida (2023) demonstrated that compensation and benefits have a strong positive impact on job satisfaction and performance among Generation Z employees in Indonesia. Likewise, Dickson (2023) found that rewards encompassing both financial and benefit components improve employee performance across industries. These findings underscore that benefits contribute to the perception of fairness and organizational support, which ultimately enhance performance.

H3: Benefits have a positive and significant relationship with employee performance.

Well-Being and Employee Performance

Employee well-being encompasses both physical and psychological aspects of the work experience. A focus on well-being recognizes that employees who are mentally and physically healthy are more capable of sustained high performance (Musaddag et al., 2023). In high-risk sectors such as oil and gas, well-being programs are essential for ensuring safety, morale, and engagement. Alimin, Syahidah, and Sushandoyo (2023) found that safety culture—an element closely tied to employee well-being—significantly enhances performance in drilling and intervention operations in Indonesia.

Previous studies emphasize that organizations prioritizing employee well-being through flexible work arrangements, health programs, and psychological support experience lower turnover and higher productivity (Thibault Landry & Whillans, 2018; Tarigan et al., 2022). According to the findings of Kucaladevi et al. (2021), well-being-related rewards mediate the relationship between motivation and performance, reinforcing the notion that employee welfare directly contributes to organizational effectiveness.

H4: Well-Being has a positive and significant relationship with employee performance.

Recognition and Employee Performance

Recognition represents an intrinsic reward mechanism that satisfies employees' psychological needs for appreciation and belonging. Non-financial recognition—such as verbal praise, awards, and acknowledgment of accomplishments—has been shown to produce strong motivational effects that translate into higher performance (Thibault Landry & Whillans, 2018). Beqiri (2019) highlighted that intrinsic motivation factors, including recognition, play a critical role in enhancing employee engagement, especially in transition economies.

Empirical evidence supports the argument that recognition is a significant driver of employee outcomes. Felix et al. (2020) found that recognition-based reward systems substantially improve performance across organizations. Similarly, Tarigan et al. (2022) emphasized that recognition as part of the total reward system enhances job satisfaction and productivity among Generation Z workers in Indonesia. Therefore, recognition acts as a catalyst for positive employee behavior and organizational success.

H5: Recognition has a positive and significant relationship with employee performance.

Development and Employee Performance

Developmental rewards refer to learning opportunities, career growth, and training programs that equip employees with new skills and competencies. They foster

long-term motivation and align employee goals with organizational advancement (Beqiri & Aziri, 2022). According to Harendrakumar et al. (2021), development-oriented reward structures not only enhance performance but also strengthen organizational commitment and retention.

In the oil and gas industry, the importance of development is amplified by rapid technological advancements and safety requirements. Arifin, Wiryono, Damayanti, and Yudoko (2024) noted that improving human resource capabilities and operational efficiency is crucial for sustainability in Indonesia's energy landscape. Studies by Indahsari et al. (2023) and Mokorimban et al. (2023) also revealed that leadership and skill development programs significantly influence employee motivation and performance. Developmental rewards therefore serve as strategic tools for building a resilient, competent, and high-performing workforce.

H6: *Development has a positive and significant relationship with employee performance.*

3. Methodology

This study employs a mixed-methods approach to analyze the impact of Total Reward Management on employee performance at PT Petroleum Upstream Corporation. Quantitative data were collected through surveys of 341 employees, selected using Slovin's formula from a population of 2,308. The survey measured perceptions of five reward components: compensation, benefits, well-being, development, and recognition. Qualitative data were gathered through focus group discussions with ten members of the management team to explore perceptions, challenges, and suggestions for improvement.

Quantitative data were analyzed using SPSS, including descriptive statistics, validity and reliability testing, and multiple linear regression to identify which reward components most significantly influence performance. Qualitative data were analyzed thematically and supported by root cause analysis using a fishbone diagram. This approach provides comprehensive insight into how Total Reward elements affect employee motivation and performance.

4. Empirical Findings/Result

Root Cause Analysis for Implementation Total Reward

According to Focus group discussion (FGD), there are several factors that causes the inconsistency of employee performance (employee performance of PT PUC increase in 2022, decrease in 2023 and increase in 2024) although the implementation of total reward system has been done.

1. People

Based on the gap analysis of employee performance, People become one of the factors as an implementor of total reward policy. The root cause is related

to lack of understanding of how rewards relate to employee performance, different preferences among employees related to total reward that motivate employee to boost employee performances is not addressed and vacant position in payroll function that may related with payment scheduled.

2. Process

Process become one of crucial role regarding to how company delivery the implementation of total reward. The root cause is related to lack of communication and information of total reward to employee.

3. Policy

Policy becomes another one of crucial role regarding to how company translate the total reward strategy and create a formal guideline for total reward implementation. The root cause related to variable pay policy which is not highly differentiated between high performance and average performance, inconsistent of implementation according to policy related to transparency and fairness and total reward polic which is not well-informed to employee.

4. Environment

From the point of view of environment around the implementation of total reward. The root cause related with lack of opportunity to get involved in community and well-being program and lack of support for Personal development.

5. Measurement

Measurement related to how successful of the implementation related with objective of total reward strategy. The root cause of measurement factor related to lack of measurement of employee satisfaction and lack of employee productivity related with facility and benefit.

6. Reward System

Factor Reward system in root cause analysis related to how the implementation of total reward influence giving value added to total reward policy. The root cause related to lack of feedback of total reward implementation and lack of feedback of total reward that encourage employee performance.

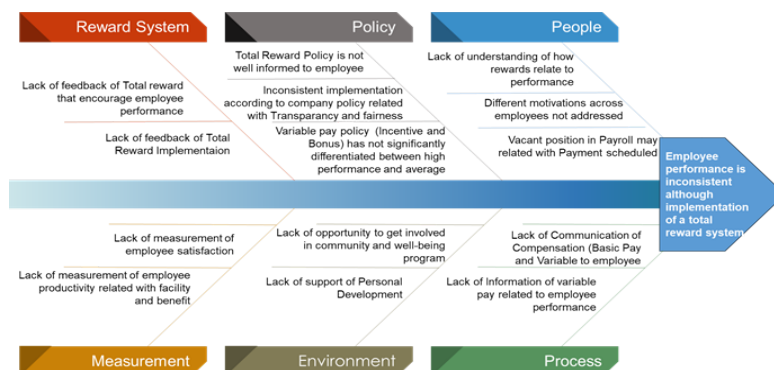


Figure 1. Fishbone Diagram of Total Reward Implementation

The root cause analysis must be confirmed with perception of employee by using questionnaire in quantitative approach, to get comprehensive analysis of total reward management and employee performance.

Demographic Analysis

Respondents involved in this research are all employees in Petroleum Upstream Corporation located in Head Office – Jakarta & Zona Raya – Riau Province. The profiles of respondents in this study describe the characteristics of the distribution of respondents as seen from gender, age and length of work. The questionnaire has been distributed to all employees in PT Petroleum Upstream Corporation (PT PUC), with total 2308 employees. The returned questionnaire were 547 respondents with below details:

Table 1. Respondent Profile

Category	Description	Frequency (n)	Percent (%)	Remarks / Source
Gender	Male	489	89	
	Female	58	11	
	Total	547	100	
Age	21–30 years	15	3	
	31–40 years	187	34	
	41–50 years	223	41	
	Above 50 years	122	22	
	Total	547	100	
Length of Work (Years)	5–10 years	373	68	
	11–20 years	121	22	
	21–30 years	44	8	
	Above 30 years	9	2	
	Total	547	100	

Respondents involved in this research are all employees of PT Petroleum Upstream Corporation (PT PUC), located in Head Office – Jakarta and Zona Raya – Riau Province. A total of 2,308 employees were targeted, and based on Slovin's formula, the minimum sample size required was 341 respondents. The survey distributed in May 2025 successfully collected 547 valid responses, representing 160% of the minimum sample size.

From the total respondents, 489 (89%) were male and 58 (11%) were female. In terms of age distribution, the majority were between 41–50 years old (41%), followed by 31–40 years (34%), above 50 years (22%), and 21–30 years (3%). Regarding length of work, most employees had 5–10 years of experience (68%), while 22% had 11–20 years, 8% had 21–30 years, and 2% had more than 30 years of service.

Validity & Reliability test

The Result of Validity & Reliability Test with significance level $\alpha = 0.05$ and number of respondents are 547 are explained in SPSS result for each variable.

Validity Test

Table 2. Result of Validity Test

No	Statement	R result	R table	Decision
1	Compensation 1	0.714	0.041	Valid
2	Compensation 2	0.718	0.041	Valid
3	Compensation 3	0.69	0.041	Valid
4	Compensation 4	0.733	0.041	Valid
5	Compensation 5	0.348	0.041	Valid
6	Compensation 6	0.715	0.041	Valid
7	Compensation 7	0.714	0.041	Valid
8	Benefit 1	0.672	0.041	Valid
9	Benefit 2	0.489	0.041	Valid
10	Benefit 3	0.62	0.041	Valid
11	Benefit 4	0.637	0.041	Valid
12	Benefit 5	0.735	0.041	Valid
13	Well-Being 1	0.791	0.041	Valid
14	Well-Being 2	0.732	0.041	Valid
15	Well-Being 3	0.722	0.041	Valid
16	Well-Being 4	0.789	0.041	Valid
17	Well-Being 5	0.775	0.041	Valid
18	Well-Being 6	0.855	0.041	Valid
19	Development 1	0.798	0.041	Valid
20	Development 2	0.76	0.041	Valid
21	Development 3	0.808	0.041	Valid
22	Development 4	0.783	0.041	Valid
23	Development 5	0.836	0.041	Valid
24	Recognition 1	0.744	0.041	Valid
25	Recognition 2	0.735	0.041	Valid
26	Recognition 3	0.787	0.041	Valid
27	Recognition 4	0.803	0.041	Valid
28	Performance 1	0.737	0.041	Valid
29	Performance 2	0.702	0.041	Valid
30	Performance 3	0.784	0.041	Valid
31	Performance 4	0.753	0.041	Valid
32	Performance 5	0.762	0.041	Valid

According to validity test in Table above, it can be concluded that all of the statements given in the questionnaire of Total Reward are **Valid**, so that the result from the questionnaire can be used for the analysis.

Reliability Test

Table 3. Result of Reliability Test

Variable	Number of Item	Cronbach's Alpha
Compensation	7	0.879
Benefit	5	0.826
Well-Being	6	0.924
Development	5	0.921
Recognition	4	0.894
Performance	5	0.897

According to Table above, the value of Cronbach's alpha for each variable is > 0.7 . It can be concluded that each statement can be considered as a **reliable** instrument to be used in further analysis.

Descriptive Analysis

Table 4. Descriptive Statistics of Total Reward and Employee Performance

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Performance	547	3.40	5.00	4.4084	0.46457
Compensation	547	2.29	5.00	4.0512	0.62569
Benefit	547	2.60	5.00	4.1477	0.59593
Well-Being	547	2.50	5.00	4.1487	0.60710
Development	547	1.80	5.00	3.9733	0.65416
Recognition	547	2.25	5.00	4.0690	0.65161
Composite Total Reward	547	2.61	5.00	4.0637	0.54271

Based on the results of descriptive analysis of 547 respondents, average employee perceptions of total reward and performance are explained below:

- Compensation variable has an average of 4.05, which indicates that employees feel the compensation (basic pay and variable pay) received by employees are considered sufficient for employees, and the implementation of compensation policy is quite satisfactory.
- Benefit has an average of 4.15, which indicates that employees feel that health benefit, retirement benefit, and facilities are sufficiently given by the company and the implementation of benefit policy is quite satisfactory.
- Well-Being has an average of 4.15, which indicates that employees feel that wellness program, community involvement and culture change initiatives given by company are quite satisfactory to their physical and mental well-being.
- Development has an average of 3.97, slightly lower than the other variables, which indicates that opportunities for self-development such as training, assignment, coaching & mentoring do not meet the employees' expectations for their professional development and career development opportunities need to be improved regarding the implementation of the policy and employee's expectations.
- Recognition has an average of 4.07, which indicates that employees feel that acknowledgement of employee performance, such as awards and praise need to

be improved. It can be concluded that the implementation of the recognition policy is not considered optimal and needs to be the company's main concern, in order to motivate employees to boost their performance.

- f. Composite total reward, which is gathered from the means of total reward variable consist of compensation, benefit, well-being, development and recognition, obtained an average of 4.0637 on a maximum scale of 5. It indicates that employees feel the overall total reward given by the company is quite satisfactory.
- g. Performance, which is gathered employee self-review, obtained an average score of 4.41 on a maximum scale of 5, which indicates that the majority of employees stated that they had worked well, managed work plan and set priorities properly, and achieved their work targets consistently.

Multiple Regression Analysis

Classical Assumption Test

Classical assumption tests are a collection of statistical tests that are employed in linear regression to determine whether the data satisfies the assumptions necessary for the model to be reliable and valid. These tests guarantee that the regression equation is consistent, unbiased, and accurate for estimation. Main evaluations consist of normality, multicollinearity, heteroscedasticity, and autocorrelation.

Normality Test

Table 5. Result Table of Normality Test

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	0.039	547	0.051	0.99	547	0.001

From the results of the normality test, based on the Kolmogorov Smirnov column ($n > 50$), the Sig. value is obtained = 0.051, which is more than the value of $\alpha = 0.05$. It can be concluded that the residual data is normally distributed, Thus, the assumption of residual normality is met.

Heteroscedasticity Test

Table 6. Result of Breusch-Pagan test

Breusch-Pagan Test			
	BP	df	p-value
Bptest (model)	8.7676	5	0.1187

From the results of the Breusch-Pagan test, a p-value of 0.1187 was obtained. The p-value is greater than the significance level of 0.05, This indicates that there is no heteroscedasticity problem in the regression model. Thus, the assumption of homoscedasticity (constant residual variance) is met.

Multicollinearity Test

Table 7. Result Table of Multicollinearity Test

Based on the multicollinearity test output through the Tolerance and VIF (Variance

Model	Unstar dized B	Coefficie nt Std. Error	Standardized Coefficient Beta	t	Sig	Collinearity Tolerance	Statistics VIF
(Constant)	1.494	0.087		17.26 6	0.000		
Compensati on	0.073	0.027	0.099	2.691	0.007	0.429	2.332
Benefit	0.112	0.031	0.143	3.631	0.000	0.370	2.705
Well-Being	0.330	0.031	0.431	10.66 3	0.000	0.351	2.847
Developmen t	0.097	0.027	0.136	3.523	0.000	0.384	2.604
Recognition	0.131	0.037	0.137	3.576	0.000	0.390	2.567

a. Dependent Variable:
Performance

Inflation Factor) values, all independent variables have a Tolerance value > 0.1 and VIF < 10 . The highest VIF value is 2.847 (still far below the critical limit of 10), while the lowest Tolerance value is 0.351 (above the lower limit of 0.1). Thus, it can be concluded that there are no symptoms of multicollinearity between independent variables in this regression model, so that the assumption of no multicollinearity is met.

Autocorrelation Test

Table 8. Interpretation Table of Autocorrelation Test

Area	H0	Decision	Result Area	Conclusion
I	No Positive Autocorrelation	H0 Rejected	$0 < d < dL$	Positive Autocorrelation
II	No Positive Autocorrelation	Can't be concluded	$dL < d < dU$	Can't be concluded
III	No Positive or Negative Autocorrelation	H0 Accepted	$dU < d < 4-dU$	No Positive or Negative Autocorrelation
IV	No Negative Autocorrelation	Can't be concluded	$4-dU < d < 4-dL$	Can't be concluded
V	No Negative Autocorrelation	H0 Rejected	$4-dL < d < 4$	Negative Autocorrelation

For $k=5$, $n=547$, and $\alpha = 0.05$, the values of $dL = 1.845$ and $dU = 1.875$ are obtained. Therefore, $4-dL = 2.155$ and $4-dU = 2.125$

Table 9. Result of Autocorrelation Test

Model	Durbin-Watson
1	2.087

Based on the Durbin Watson value in the output, the value obtained is $dU < d < 4-dU$. Based on this table, it can be concluded that the regression model formed does

not contain positive or negative autocorrelation. Thus, the assumption of no autocorrelation is not met.

Multiple Regression Result Analysis for Composites Total Reward - (Regression Model 1)

Table 10. Result of Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Composite Total Reward	.811 ^a	0.657	0.656	0.27234	2.087

a. Predictors: (Constant), Composite [Geometric Mean]

b. Dependent Variable: Performance

From the result of regression above, R shows the degree of relationship between the dependent variable and the independent variable, which is 0.811 This value indicates that there is a strong relationship between the dependent variable and the independent variable in this model. R Square shows that 65.7% of the variation in the dependent variable (Performance) can be explained by the independent variables in this model, while the rest is explained by other causes. Adj R Square shows a correction to R of 65.6%. Std. Error of the Estimate shows the magnitude of the variation in the regression model of 0.27234.

Table 11. Result of Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	77.419	1	77.419	1043.813	.000 ^{b**}
Residual	40.422	545	0.074		
Total	117.841	546			

a. Dependent Variable: Performance

b. Predictors: (Constant), Composite [Geometric Mean]

From Analysis of Variance (Anova) table above The value of F=1043.813 and sig=0.000, it can be concluded that the regression model is feasible to use or there is a linear relationship between the Performance variable and the independent variable.

Table 12. Result Regression Coefficient Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.589	0.088		18.046	0.000		
Composite Total Reward	0.694	0.021	0.811	32.308	0.000**	1.000	1.000

a. Dependent Variable: Performance

Notes:***sig. $\alpha = 1\%$, **sig. $\alpha = 5\%$, *sig. $\alpha = 10\%$

if Sig. < α , dependent variable is significant relationship to independent variable.

Table 13. Result Regression Interpretation

Independent Variables	Sig.	Conclusion
Composite Total Reward	0.000	The sig. value < α , the Composite Total Reward variable has a significant relationship with Employee Performance variable.

The regression model obtained is as follows:

$$\text{Performance} = 1.589 + 0.694 * \text{Composite Total Reward}$$

According to the regression model above, the independent variable Composite Total Reward is the average of several statements from each component of Total Reward which consist of Compensation, Benefit, Well-Being, development and Recognition in the questionnaire measured using a Likert scale. Therefore, the value of the regression coefficient can be interpreted as the change in the average score of employee performance due to a one-point change in the average employee perception of the total reward.

The coefficient of Composite Total Reward is 0.694. This indicates that composite total reward variable, which consist of compensation, benefit, well-being, development and recognition will influence the increase of the average employee performance score by 0.694 points, on the same scale.

Multiple Regression Result Analysis for Components of Total Reward - (Regression Model 2)

Table 14. Result of Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.830 ^a	0.689	0.686	0.26024	2.087
a. Predictors: (Constant), Recognition, Compensation, Well_being , Benefit, Development					
b. Dependent Variable: Performance					

From the result of regression above, R shows the degree of relationship between the dependent variable and the independent variable, which is 0.830. This value indicates that there is a strong relationship between the dependent variable and the independent variable in this model. R Square shows that 68.9% of the variation in the dependent variable (Performance) can be explained by the independent

variables in this model, while the rest is explained by other causes. Adj R Square shows a correction to R of 68.6%. Std. Error of the Estimate shows the magnitude of the variation in the regression model of 0.26024.

Table 15. Result of Analysis of Variance (ANOVA)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.214	5	16.243	239.912	.000 ^b **
	Residual	36.627	541	0.068		
	Total	117.841	546			

a. Dependent Variable: Performance

b. Predictors: (Constant), Recognition, Compensation, Well_being , Benefit, Development

Notes:***sig. $\alpha = 1\%$, **sig. $\alpha = 5\%$, *sig. $\alpha = 10\%$

From Analysis of Variance (Anova) table above The value of $F=239.796$ and $\text{sig}=0.000$, it can be concluded that the regression model is feasible to use or there is a linear relationship between the Performance variable and the independent variable.

Table 16. Result Regression Coefficient Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.490	0.086		17.494	0.000**		
Compensation	0.073	0.027	0.095	2.600	0.007**	0.427	2.343
Benefit	0.112	0.031	0.141	3.577	0.000**	0.369	2.713
Well-being	0.330	0.031	0.432	10.696	0.000**	0.352	2.839
Development	0.097	0.028	0.129	3.265	0.000**	0.368	2.720
Recognition	0.131	0.029	0.146	3.602	0.000**	0.351	2.850

a. Dependent Variable: Performance

Notes:***sig. $\alpha = 1\%$, **sig. $\alpha = 5\%$, *sig. $\alpha = 10\%$

if $\text{Sig.} < \alpha$, dependent variable is significant relationship to independent variable

Table 17. Result Regression Interpretation

Independent Variables	Sig.	Conclusion
Compensation	0.007	The sig. value $< \alpha$, the Compensation variable has a significant relationship with Employee Performance variable.
Benefits	0,000	The sig. value $< \alpha$, the Benefit has a significant relationship with Employee Performance variable.
Well Being	0,000	The sig. value $< \alpha$, the Well-Being variable has a significant relationship with Employee Performance variable.

Independent Variables	Sig.	Conclusion
Development	0,000	The sig. value < α the Development variable has has a significant relationship with Employee Performance variable.
Recognition	0,000	The sig. value < α , the Recognition variable has a significant relationship with Employee Performance variable.

The regression model obtained is as follows:

Performance

$$= 1.494 + 0.073 * \text{Compensation} + 0.112 * \text{Benefit} + 0.330 * \text{Well - Being} + 0.097 * \text{Development} + 0.131 * \text{Recognition}$$

According to the regression model above, each independent variable (Compensation, Benefit, Well-Being, development and Recognition) is the average of several statements in the questionnaire measured using a Likert scale, which is generally in the range of 1 (strongly disagree) to 5 (strongly agree). Therefore, the value of the regression coefficient can be interpreted as the change in the average score of employee performance due to a one-point change in the average employee perception of the total reward aspects.

- The coefficient of Compensation is 0.073. This indicates that compensation variable, which consist of basic pay and variable pay will influence the increase of the average employee performance score by 0.073 points, on the same scale.
- The coefficient of Benefit is 0.112. This indicates that benefit variable, which consist of health benefit, retirement benefit, and facilities will influence the increase of the average employee performance score by 0.112 points (the 3rd largest coefficient), on the same scale. This concludes that benefits variable has a strong and highly significant relationship with employee performance.
- The coefficient of Well-Being is 0.330. This indicates that the well-being variable, which consists of wellness program, community involvement, culture change initiative program that relates with work-life balance of employees, will influence the increase of the average employee performance score by 0.330 points, on the same scale. This concludes that well-Being variable has a strongest and highly positive and significant relationship with employee performance, compared with another total reward variable.
- The coefficient of Development is 0.097. This indicates that the development variable, which consists of training, assignment, coaching & mentoring and career development, will influence the increase of the average employee performance score by 0.097 points, on the same scale.
- The coefficient of Recognition is 0.131. This indicates that Recognition variable, which consist of Formal recognition from CIP Award, HSSE award, employee award and informal recognition from acknowledgement

(reward and praise) will influence the increase of the average employee performance score by 0.131 points (the 2nd largest coefficient) on the same scale. This concludes that recognition variable has a strong and highly significant relationship with employee performance

Multiple Regression Result Analysis for Components of Total Reward with Control Variable - (Regression Model 3)

Multiple Regression result analysis for Components of Total Reward with control variable consists of Result regression coefficient analysis for Components of Total Reward and result regression interpretation.

Table 18. Result Regression Analysis with Control Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.550	0.108		14.408	0.000**
Compensation	0.070	0.027	0.095	2.566	0.008**
Benefit	0.109	0.031	0.140	3.531	0.000**
Well-being	0.332	0.031	0.434	10.624	0.000**
Development	0.094	0.028	0.132	3.316	0.001**
Recognition	0.103	0.029	0.145	3.576	0.000**
Male	0.008	0.037	0.006	0.229	0.819
Age	-0.001	0.002	-0.022	-0.869	0.385
Years of Experience	0.001	0.001	0.017	0.680	0.497

a. Dependent Variable: Performance

Notes:

***sig. $\alpha = 1\%$, **sig. $\alpha = 5\%$, *sig. $\alpha = 10\%$

if Sig. $< \alpha$, dependent variable is significant relationship to independent variable.

Table 19. Result Regression Interpretation

Independent Variables	Sig.	Conclusion
Compensation	0.008	The sig. value $< \alpha$, the Compensation variable has a significant relationship with Employee Performance variable .
Benefits	0,000	The sig. value $< \alpha$, the Benefit variable has a significant relationship with Employee Performance variable
Well-Being	0,000	The sig. value $< \alpha$, the Well-Being variable has a significant relationship with Employee Performance variable
Development	0,001	The sig. value $< \alpha$, the Development variable has a significant relationship with Employee Performance variable
Recognition	0,000	The sig. value $< \alpha$, the Recognition variable has a significant relationship with Employee Performance variable

Gender (Male)	0.819	The sig. value $> \alpha$, the Gender variable does not have a significant relationship with Employee Performance variable.
Age	0.385	The sig. value $> \alpha$, the Age variable does not have a significant effect relationship with Employee Performance variable.
Length of Work	0.497	The sig. value $> \alpha$, the Length of Work variable does not have a significant relationship with Employee Performance variable.

From table 19 result regression interpretation above, there's not a significant relationship between control variables which consist of gender, age and length of work with Employee Performance as dependent variable. It can be concluded that regression model is robust. The control variable which consist of gender, age and length of work are not influence the relationship of total reward toward employee performance.

5. Discussion

The findings of this study reveal that the implementation of a total reward system at PT Petroleum Upstream Corporation (PT PUC) has a positive and significant impact on employee performance. The quantitative analysis confirms that all six hypotheses are accepted, indicating that compensation, benefits, well-being, recognition, and development—as dimensions of the composite total reward—each contribute significantly to improving employee performance. These results are consistent with the theoretical framework of Total Reward Management (WorldatWork, 2003), which emphasizes that integrating financial and non-financial reward elements creates a comprehensive approach to motivating and retaining employees.

Despite this, findings from the Focus Group Discussion (FGD) revealed several factors causing inconsistency in employee performance across 2022 and 2023, including issues related to people, process, policy, environment, measurement, and reward system design. These findings align with Beqiri and Aziri (2022), who suggested that even when total reward systems are in place, their effectiveness depends on the organizational context, consistency of implementation, and employee perceptions of fairness. Similarly, Dickson (2023) emphasizes that performance inconsistency often emerges when the reward mechanisms fail to align with employee expectations or when measurement systems are not transparent.

The positive relationship between compensation and employee performance (H2) supports previous research by Ani, Okwo, and Inyama (2024), which demonstrated that well-structured financial rewards enhance organizational profitability and employee output in oil and gas firms. In the same vein, Ugwu and Duru (2024) found that monetary rewards and performance-based pay significantly motivate employees when aligned with corporate objectives. However, Beqiri

(2019) argues that intrinsic motivation factors such as recognition, development, and well-being play a longer-term role in sustaining high performance, complementing financial incentives that tend to produce short-term boosts.

Regarding benefits (H3) and well-being (H4), this study confirms their significant impact on performance, supporting Musaddag et al. (2023), who noted that sustainable total reward strategies that prioritize employee well-being and benefits lead to long-term satisfaction and performance sustainability. Likewise, Harendrakumar et al. (2021) validated that public-sector employees exhibit higher satisfaction levels when well-being elements are incorporated into total reward design. These findings are particularly relevant in the oil and gas sector, where the physical and mental demands of work require supportive well-being programs (Alimin, Syahidah, & Sushandoyo, 2023)

The significance of recognition (H5) on performance aligns with the self-determination theory discussed by Thibault Landry and Whillans (2018), which highlights how recognition fulfills psychological needs for competence and relatedness, thus fostering intrinsic motivation. Similarly, Tarigan et al. (2022) demonstrated that recognition practices strengthen job satisfaction and productivity, particularly among younger employees who value appreciation and purpose in their work.

Finally, the positive relationship between development (H6) and employee performance is supported by Khairina and Games (2022) and Fernando and Zuraida (2023), who found that learning and career development opportunities enhance engagement, satisfaction, and performance. In line with Arifin et al. (2024), who discussed the transformation of efficiency in Indonesia's energy sector, continuous employee development is a strategic imperative for maintaining competitiveness and innovation.

Integrating both qualitative and quantitative insights, this study suggests that while PT PUC's total reward framework effectively influences performance, the inconsistency observed may stem from implementation gaps and organizational dynamics. As Idris et al. (2022) note, leadership style, organizational culture, and communication significantly moderate how employees perceive and respond to rewards. Moreover, in the complex environment of oil and gas operations, where asset transfers and organizational restructuring are common (McKinsey, 2020; Pancasasti et al., 2022), ensuring stability and alignment in reward management becomes critical to sustaining engagement and productivity.

In summary, the study provides empirical evidence that a well-integrated total reward system positively impacts employee performance, consistent with previous findings (Felix et al., 2020; Mokorimban et al., 2023; Tarigan et al., 2022). However, it also underscores the importance of strategic alignment, leadership

commitment, and continuous evaluation to ensure that reward policies remain responsive to employee needs and organizational goals.

6. Conclusions

This study concludes that the total reward system—which includes compensation, benefits, well-being, recognition, and development—has a positive and significant relationship with employee performance. The findings indicate that a well-structured total reward approach effectively enhances employee motivation, engagement, and productivity. However, the study also found that inconsistencies in performance are influenced by several internal factors such as people, process, policy, environment, and implementation quality. Therefore, organizations must ensure that total reward strategies are consistently aligned with corporate culture and operational objectives to sustain performance improvement.

For future research, it is recommended to conduct longitudinal studies to observe the long-term effects of total rewards on employee performance. Future studies could also explore additional variables such as employee engagement, leadership style, or organizational culture as mediating or moderating factors. Comparative research across industries and regions, as well as qualitative approaches focusing on employee perceptions of rewards, would provide a deeper understanding of how total reward systems can be optimized to support sustainable performance and organizational growth.

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