

Journal of Administration, Policy and Service Integration

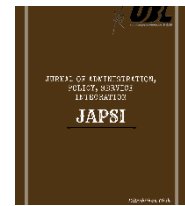
(JAPSI)



Manuscripts Received: 29 January 2024

Accepted Publication: 12 February 2024

Journal Homepage <http://journal.ubl.ac.id/index.php/japsi>



The Effect of Competence and Provision of Extra Employee Income on Employee Performance of the Central Lampung Regency Regional Financial and Asset Management Agency

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Abstract

The main issue raised in this research is how employee performance in government organisations is still underperforming. Employee performance affects organisational performance. The purpose of this study was to determine whether employee performance at the Regional Financial and Asset Management Agency of Central Lampung Regency is influenced by employee competence and income generation. A sample of 51 employees from the Regional Financial and Asset Management Agency of Central Lampung Regency was used in this descriptive research. This study used observation, documentation, and questionnaire distribution methods to collect data which were then statistically analysed. Data processing in this study was carried out using the SPSS version 20 programme to measure linear regression models. Based on the results of the study, it shows that competence has a significant effect on employee performance. Additional employee income has a significant effect on employee performance. This means that the higher the additional employee income, the higher the employee performance. Competence and additional employee income together have a significant effect on the performance of employees of the Regional Financial and Asset Management Agency of Central Lampung Regency.

Keywords: *Competence, Additional Employee Income, Performance.*

1. Introduction

The current order of public administration includes the bureaucratic reform of the Civil State Apparatus in order to make the work of the government more effective in achieving the goals, development, and realization of the well-being of the people, which are the goals of the state as listed in the 1945 UUD (Haning, 2019). Changing the orientation, way of thinking, and behavior of each bureaucratic apparatus in carrying out its responsibilities in order to provide public service becomes crucial when governments want to realize the vision, mission, and goals that have been jointly set (Twizeyimana & Andersson, 2019). Problems often arise when demand for public services increases but is not accompanied by improved apparatus capacity to create quality performance mechanisms. When governments are able to process, mobilize, organize, plan, and employ human resources effectively and efficiently, then the

objectives of government agencies can be achieved. In an organization, human resources have an important role. Human resources in a government are officials, which are an important element in achieving the objectives of government agencies as they serve as determinants of policy, planning, and operational oversight of the organization (Barusman & Mihdar, 2014). Therefore, every organization, especially governmental organizations involved in public service, should pay attention to human resources (Kim *et al.*, 2019).

Employees are one of the members of the government apparatus who have a role as a determining factor in the success of organizational goals because employees directly interact with the public to provide services. Especially in the era of globalization when public knowledge is increasing, there are many demands for changes and improvements in all fields, including the field of public administration management (Saputra & Mahaputra, 2022). Every employee must have the competence to improve performance in order to carry out their responsibilities as a state civil apparatus. Competence is the quality of a person who has the ability, knowledge, and skills needed to carry out tasks (Mulang, 2021).

In addition to paying attention to competence, efforts can be made to improve the performance of state civil apparatus employees by providing additional income (Juhandi & Ali, 2023). The provision of additional income aims to improve employee welfare, which is expected to improve the quality of employee performance and enable them to participate more actively in community service activities (Kadarisman, 2019). This additional income is given based on rank or class. The provision of additional income itself can increase or decrease according to the performance achievements produced by employees (Saputri *et al.*, 2020).

Some general problems based on temporary observations regarding the condition of employees at the Central Lampung Regency Regional Financial and Asset Management Agency in carrying out their current duties and functions are not yet fully optimal. The provision of additional income for employees of the Central Lampung Regency Regional Financial and Asset Management Agency office does not reflect actual performance achievements, so the purpose of providing additional employee income, namely to improve performance, has not been optimally implemented. In general, employees at the Regional Financial and Asset Management Agency office in Central Lampung Regency have not fully implemented the Standard Operating Procedures that have been set in order to provide services to the public. Based on the problems found and at the same time to focus the discussion in this study, this study is entitled "The Effect of Competence and Provision of Additional Income on the Performance of Civil Servants at the Regional Financial and Asset Management Agency of Central Lampung Regency".

2. Literature review

Competence

Competence is the ability to perform a task with the knowledge, abilities, and attitudes needed to meet the specified standards (Bimanti, 2022). Competence is the ability a person has that allows him to meet the requirements of a job in an organization so that the organization can achieve its goals (Hajjali *et al.*, 2022). Spencer & Spencer (1993), suggest that there are 5 types of competency characteristics: knowledge, skills, attitudes or character, motives, and self-concept.

- a. Knowledge is information that a person has in a particular field, and when a person has knowledge that is relevant to his job, it is expected that he can carry out his obligations and responsibilities under any circumstances. Knowledge affects the ways and strategies used in organizations to achieve good performance.
- b. Skills are a person's ability and competence in carrying out their tasks well. Such as good ideas for solving problems and a collection of procedures that can be applied in certain situations.
- c. Attitude is a person's behavior in response to everything that happens. Attitude is related to a person's emotional state, such as his ability to control himself in certain circumstances. A person's attitude will affect the motives that a person has in carrying out their duties.
- d. Motives are ideas that develop into goals and desires to be realized in the organization, which will have a direct impact on the activities it carries out.
- e. Self-concept is a person's ability to motivate themselves to work hard and fulfill their obligations. A person's self-concept influences what motivates him to perform well and what makes him feel more valued by others.

Additional Employee Income

Additional employee income is additional income given to employees to improve their performance (Dian & Pratiwi, 2018). Additional employee income includes all forms of reward, both in cash and in kind, that are given directly or indirectly, both routine and non-routine, and thus has a broader definition than salary (Rosdiana *et al.*, 2022). Included in direct rewards are salaries, allowances, bonuses related or not to work performance and organizational performance, incentives in the form of recognition awards, and various other forms of assistance. Meanwhile, indirect rewards include facilities, health care, pension funds, and salary during leave. Surya (2004), argues that additional employee income has three basic principles: individual justice, internal justice, and external justice.

- a. Individual justice, this principle means that employees' compensation should be proportional to what they have contributed to the organization.
- b. Internal justice, this principle means that there is equality between the amount of work and the rewards given to employees.
- c. External equity means that employees are compensated fairly within their organization compared to other organizations that follow the same policy.

Employee Performance

The performance of employees of a government agency is a description of the level of achievement of goals or objectives that have been set and the elaboration of the vision, mission, and strategic plan, which shows the extent to which activities have been carried out in accordance with established policies and programs (Smith *et al.*, 2023). Performance is the result of work that can be achieved by a person or group of people in an organization in accordance with their respective authorities and responsibilities in order to achieve the objectives of the organization concerned ethically, legally, and not against the law (Arifani & Susanti, 2020). In carrying out its duties and work, organizational performance cannot be separated from employee performance; thus, the success or failure of an organization is largely determined by the role and quality of its employees. Dwiyanto (2006), explains several indicators used to measure performance, namely:

- a. Productivity refers not only to achieving efficiency standards, but also to the effectiveness of services.
- b. Meaningful service quality often plays a key role in understanding how well public service organizations succeed. Service quality is relatively high, so it can be an easy and cheap measure of performance.
- c. Responsiveness means the ability of the organization to identify community needs, develop agendas and priorities, and develop public service programs according to those needs and aspirations.
- d. Responsibility, which means to explain whether the implementation of the activities is carried out in accordance with the principles of good governance and the organizational policies, both explicit and implicit.
- e. Charity accountability refers to the extent to which an organization's policies and activities conform to its chosen governance.

Research Framework

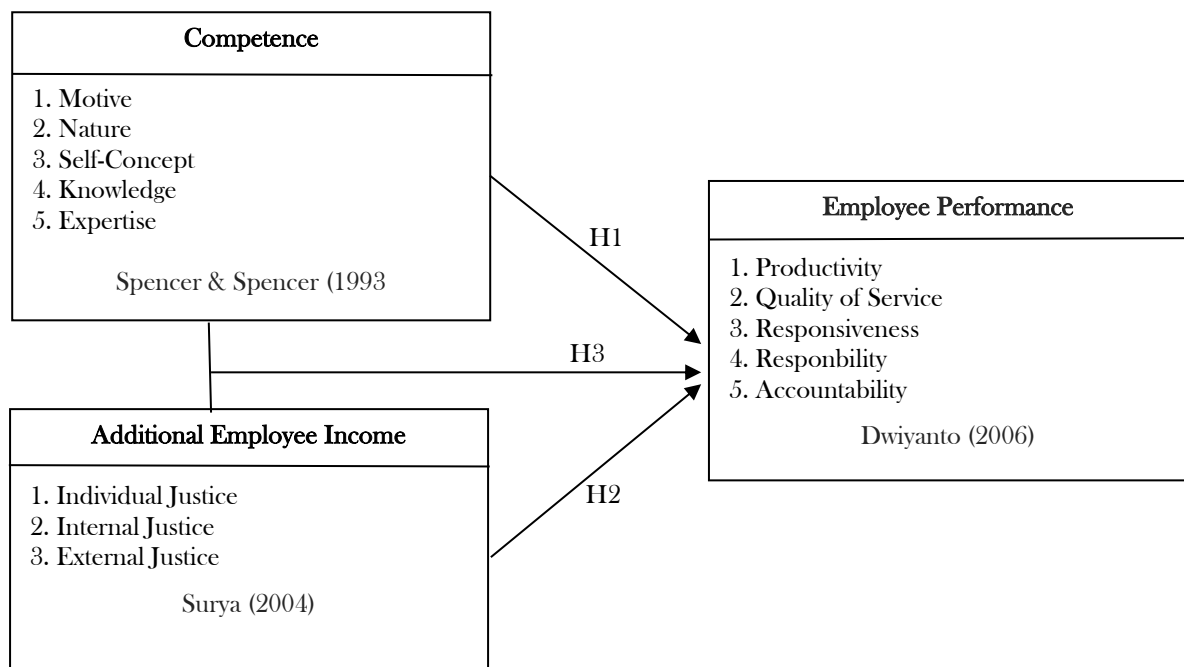


Figure 1. Framework

Hypothesis

The hypotheses in this study are:

1. H1: Competence has a positive and significant effect on employee performance at the Regional Financial and Asset Management Agency of Central Lampung Regency.
2. H2: Providing additional employee income has a positive and significant effect on employee performance at the Regional Financial and Asset Management Agency of Central Lampung Regency.
3. H3: Competence and the provision of additional employee income have a positive and significant effect on employee performance at the Regional Financial and Asset Management Agency of Central Lampung Regency.

3. Methodology

In order to determine the effect of independent variables on a dependent variable, this study uses a quantitative approach. This research was conducted using descriptive analysis methods to test the hypotheses that have been prepared for the variables to be studied. This research was carried out in the office of the Regional Financial and Asset Management Agency of Central Lampung Regency. The population in this study was all employees at the Central Lampung Regency Regional Financial and Asset Management Agency, which had 51 employees in total. According to (Sugiyono, 2017), if the population is less than 100 people, it is better to take all, so the sample in this study was all employees at the Regional Financial and Asset Management Agency of Central Lampung Regency, totaling 51 people. The data used in this study are primary data obtained directly from the field. The data collection technique in this study was carried out by distributing questionnaires to 51 respondents. The operational definitions in this study are as follows:

Table 1. Operational Definition of Variables

Varibel	Dimensi	Indikator	No Pertanyaan
Competence (X1)	Motif	1. Driven by economic needs 2. Social needs drive 3. Push for psychological needs	1,2,3
	Nature	1. Disposition 2. Attitude	4,5
	Self-Concept	1. Appearance 2. Language 3. Behavior	6,7,8
	Knowledge	1. Knowledge of service procedures 2. Knowledge of service techniques	9,10,11
	Skills	1. Administrative skills 2. Managerial skills 3. Technical skills	12,13,14,15
Additional Employee Income (X2)	Individual Justice	1. The amount of additional employee income received is based on individual workload. 2. The amount of additional employee income received is in accordance with the level of attendance	16,17,18
	Internal justice	1. Additional employee income received based on individual workload 2. Additional employee income received based on class and position	19,20,21,22
	External justice	1. The amount of additional employee income is adjusted to the workload of each Regional Apparatus Organization.	23,24,25
Employee Performance (Y)	Productivity	1. Fast and precise administration process 2. Minimize the error rate in work	26,27
	Service quality	1. Carry out tasks based on standard operating procedures 2. Maximum achievement results	28,29
	Responsiveness	1. Targeted accuracy 2. On time	30,31

Responsibilities	1. Motivation in carrying out tasks 2. Carry out tasks with pleasure	32,33
Accountability	1. Carry out work that can be accounted for 2. Use budget transparently and accountably	34,35

Source: Data Processed, 2023

4. Research Results and Discussion

Validity Testing

The item is declared valid if $r\text{-count} \geq r\text{-table}$, with a significant level of 0.5 or ≥ 0.5 (Barusman, 2019). Validity test measurement can be done by comparing $r\text{-count}$ with $r\text{-table}$ using the critical number of $r\text{-count}$ correlation, $\alpha = 0.05$ and the $r\text{-table}$ value of 0.361.

Table 2. Results of the Competency Variable Validity Test

Statement	r-count	r-table	Description
X1.1	0.821	0.361	Valid
X1.2	0.595	0.361	Valid
X1.3	0.762	0.361	Valid
X1.4	0.680	0.361	Valid
X1.5	0.574	0.361	Valid
X1.6	0.770	0.361	Valid
X1.7	0.793	0.361	Valid
X1.8	0.665	0.361	Valid
X1.9	0.589	0.361	Valid
X1.10	0.762	0.361	Valid
X1.11	0.683	0.361	Valid
X1.12	0.912	0.361	Valid
X1.13	0.841	0.361	Valid
X1.14	0.597	0.361	Valid
X1.15	0.679	0.361	Valid

Source: Data Processed, 2023

Based on table 2, the results of data processing through SPSS for the competency variable obtained for the validity test results state Corrected Item-Total Correlation > 0.361 which means that the questionnaire regarding compensation is declared valid. Thus, of the 15 question items used to measure the Competency variable, according to the results of the validity test, all items are valid and significant, which in turn can be accepted for further measurement of the competency variable at the Regional Financial and Asset Management Agency of Central Lampung Regency.

Table 3. Results of the Validity Test of Employee Income Supplement Variables

Statement	r-count	r-table	Description
X2.1	0.802	0.361	Valid
X2.2	0.712	0.361	Valid
X2.3	0.490	0.361	Valid
X2.4	0.626	0.361	Valid
X2.5	0.448	0.361	Valid
X2.6	0.695	0.361	Valid
X2.7	0.602	0.361	Valid
X2.8	0.811	0.361	Valid
X2.9	0.774	0.361	Valid
X2.10	0.901	0.361	Valid

Source: Data Processed, 2023

Based on table 3, the results of data processing through SPSS for the Employee Income Supplement variable, the validity test results state that the Corrected Item-Total Correlation > 0.361 , which means that the questionnaire on the Employee Income Supplement is declared valid. Thus, of the 10 question items used to measure the Employee Income Supplement variable, according to the results of the validity test, all items are valid and significant, which in turn can be accepted for further measurement of the Employee Income Supplement variable at the Central Lampung Regency Regional Financial and Asset Management Agency.

Table 4. Performance Variable Validity Test Results

Statement	r-count	r-table	Description
Y.1	0.629	0.361	Valid
Y.2	0.482	0.361	Valid
Y.3	0.557	0.361	Valid
Y.4	0.603	0.361	Valid
Y.5	0.711	0.361	Valid
Y.6	0.426	0.361	Valid
Y.7	0.653	0.361	Valid
Y.8	0.690	0.361	Valid
Y.9	0.772	0.361	Valid
Y.10	0.913	0.361	Valid

Source: Data Processed, 2023

Based on table 4, the results of data processing through SPSS for the performance variable show that the validity test results state Corrected Item-Total Correlation > 0.361 , which means that the questionnaire on performance is declared valid. Thus, of the 10 question items used to measure the performance variable in accordance with the results of the validity test, all are valid and significant, which can then be accepted for further measurement of the performance variable at the Central Lampung Regency Regional Financial and Asset Management Agency.

Reliability Testing

The test of reliability is a tool for measuring questionnaires, which are indicators of variables. A questionnaire is said to be reliable if a person's response to a statement is consistent or stable over a long period of time. This study uses a reliability test with the Cronbach's alpha method, and testing is usually within a certain limit, such as 0.6.

Table 5. Reliability Testing Results

Reliability Statistics			
Variable		Cronbach's Alpha	Description
Competence		.714	Reliable
Additional Employee Income		.847	Reliable
Employee Performance		.922	Reliable

Source: Data Processed, 2023

Based on table 5, the test results show that the Cronbach's Alpha value of all variables is greater than the r-table value. Thus, 15 questions on the competency variable, 10 items of additional employee income variables, and 10 items of employee performance variables are reliable.

Multiple Linear Regression Analysis

This test is used to determine the effect of competence and additional employee income on employee performance at the Central Lampung Regency Regional Financial and Asset Management Agency, which is calculated using the multiple linear regression formula.

Tabel 6. Analisis Regresi Linear

Multiple Linear Regression Statistics	Value
Constanta Intercept (a)	5,719
Variable regression coefficient X1 (b1X1)	0.762 X ₁
Variable regression coefficient X2 (b2X2)	0.764 X ₂
Regression equation	Y= 5,719+ 0.762X ₁ +0.764 X ₂
r(Correlation)	0.779 or 77,9%
r ² (R Square)	0.607 or 60,7%
F-count	27.59
F-table at significant level 5%	2.84
DF ₁ F-test (k-1) = (3-1)	2
DF ₂ F-test (n-k) = (51-3)	48

Source: Data Processed, 2023

Based on table 6, it can be explained as follows:

- The value of Constanta Intercept (a) is 5.719, indicating a positive constant value, meaning that if competence is increased and additional employee income is given properly, employee performance will remain (constant) has a value of 5.719.
- (b1X1) is 0.762, meaning that the higher the competence, the higher the employee performance value will be 0.762.
- (b1X2) is 0.764, meaning that the better the additional employee income, the better the employee performance value is 0.764.

In accordance with the value (a), the value (b1X1) and the value (b2X2) that have been obtained, the Multiple Linear Regression Equation obtained is $Y = 5.719 + 0.762X_1 + 0.764 X_2$ The regression equation is positive, meaning that if the values of competence (X1) and additional employee income (X2) increase, the value of employee performance (Y) will also increase.

Partial t-Statistic Testing

The significance of the effect of competence on performance will be tested by comparing the value of the t-test with the value of the t-table at a 95% level of significance. The rule is that if t-count > t-table then there is an effect, otherwise if t-count < t-table then there is no effect. The value of the t-table at the 95% level of significance and df = 51 is 1.676.

Table 7. Results of t-Statistic Test

Variable	t-count	t-table at the Confidence Level	Description
X ₁ to Y	6.937	1.676	there is a significant effect
X ₂ to Y	7.414	1.676	there is a significant effect

Source: Data Processed, 2023

Based on table 7, it is known that the t-count value is 6.937 and the t-table at a significant level of 95% is 1.676. On the basis of this comparison, it is known that the t-count of the three variables is greater than the t-table at the 95% level of significance. Thus, the research hypothesis is accepted, meaning that competence and additional employee income separately have a significant effect on the performance of employees of the Regional Financial and Asset Management Agency of Central Lampung Regency.

Simultaneous F-Statistic Testing

Simultaneous hypothesis testing is carried out for the significance of the influence of competence and work discipline on employee performance carried out by the F test, namely comparing the F-count value with the F-table at a significant level of 5%. The provisions are if $F\text{-count} > F\text{-table}$ then there is an influence, if $F\text{-count} < F\text{-table}$ then there is no influence.

Table 8. Simultaneous F-Statistic Test Results

Variable	F-Count	F-table at 95% Confidence Level	Description
X ₁ , and X ₂ to Y	27.59	2.84	H ₀ rejected H _a accepted (there is a significant effect)

Source: Data Processed, 2023

Based on table 8, it is known that the F-count is 27.593 and the F-table at $DF_1 = 2$, $DF_2 = 48$ and a significant level of 95% is 2.84. Thus, the comparison of F-count with F-table at a significant level of 95%, is $27.593 > 2.84$. Based on this comparison, it is known that F-count is greater than F-table at a significant level of 5%. Thus, H_a is accepted, meaning that competence and additional employee income together have a significant effect on employee performance.

5. Conclusions and Implication

Conclusion

Based on the results of the research and discussion that have been stated previously, the following conclusions can be drawn:

1. There is a positive and significant influence of competence on employee performance at the Regional Financial and Asset Management Agency of Central Lampung Regency. This result can be interpreted as meaning that if the Regional Financial and Asset Management Agency of Central Lampung Regency increases employee competence, employee performance will increase.

2. There is a positive and significant influence of additional employee income on the performance of employees of the Central Lampung Regency Regional Financial and Asset Management Agency. This result can be interpreted as meaning that if additional employee income is increased, employee performance will increase.
3. Simultaneously, it shows that the two independent variables, namely competence and additional employee income, together have an influence on increasing the dependent variable, namely the performance of employees of the Regional Financial and Asset Management Agency. This influence is in the good category, which shows that there are still other variables that have an effect but are not examined.

Implication

Based on the results of the study, it is known that competence has a smaller influence on the performance of employees of the Central Lampung Regency Regional Financial and Asset Management Agency compared to additional employee income. Therefore, the suggestions in this study are:

1. It is necessary to create a working environment in an organization that is harmonious between one employee and another so that each employee will support each other in carrying out their respective duties in order to achieve previously set goals.
2. It is necessary to create good workspace conditions by providing adequate workspace facilities and infrastructure. The availability of these facilities and infrastructure will make employees feel comfortable and concentrate on carrying out their respective tasks and jobs.
3. It is necessary to provide work equipment that is adequate and functions properly so that it will support employee performance in a sustainable manner. Thus, there will be an increase in performance both in quality and quantity in the future.

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