

The Effect of Remuneration, Employee Competency and Leadership Style on Civil Service Performance

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ABSTRACT

This research was conducted to determine the effect of remuneration, competition, leadership style on employee performance. This type of research is explanatory research with a quantitative approach. The data used in this study are primary data obtained by distributing questionnaires, interviews. The sampling method using a survey with a sample of 63 respondents. Data analysis in this study uses multiple linear regression methods with the help of SPSS 16. The results of this study indicate that remuneration has a significant effect on employee performance. Employee Competition has a significant effect on Employee Performance. Leadership Style has a significant effect on employee performance.

Keywords: Competition, Employee Performance Leadership Style, Remuneration.

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I. INTRODUCTION

Employee performance is a very important thing for a company because it can be an indicator of employee contributions to the company (Mathis, 2002). There are various ways to improve employee performance, one of which is to provide rewards/compensation to employees who are performing well. In addition to providing rewards in the form of remuneration benefits, one more thing that has an effect on improving employee performance is the employee's competency. According to Matias (2002), positive contribution or not an employee can be seen from the resulting performance. Spencer *et al.* (1993) argued that competence as a basic characteristic of an individual that is causally related to criterion-referenced effective and/or very high performance in doing a job. Any individual characteristic that can be counted and measured consistently can be proven to distinguish significantly between effective performance.

Human resources play an important role so that the company can survive all changes that occur so that the company must be able to retain its best employees. Malang State Polytechnic is a government agency that is engaged in education and is always trying to improve the performance of its organization. One of the things being done by the government to support bureaucratic reform and improving the performance of Civil Servants (PNS) is then given a performance allowance (Syamsudin, 2013). So since July 2013, all civil servants in the teaching staff at the State

Polytechnic of Malang have the right to performance allowance every month with the aim to encourage Human Resources (HR) to become qualified human beings, maintain productive HR so that they do not move to the private sector, and form HR with service-oriented behavior and reduce acts of Corruption, Collusion, and Nepotism.

The running of an organization can not be separated from a leader who manages the course of an organization. Leadership is the process of influencing or setting an example to his followers through a communication process in an effort to achieve organizational goals (Rivai, 2011). Meanwhile, according to Miftah (2010) leadership is an activity to influence the behavior of others, or the art of influencing human behavior both individuals and groups. Leadership is a very important factor in an organization because most of the successes and failures of an organization are determined by leadership in the organization. Based on this, the research that will be carried out aims to describe the remuneration variable, competence, leadership style, and employee performance, examine the effect of remuneration policy variables, competence, leadership style on employee performance and find out the most dominant influence between remuneration policy variables, competence and leadership style on employee performance.

II. LITERATURE REVIEW

A. Remuneration

Remuneration is something that is received by an employee as a form of compensation for the contribution he has made to the organization where he works (Dharma, 2004). This remuneration is related to employee welfare and the definition is broader than salary can be in the form of money or goods, and can be given in a manner directly or indirectly. According to Komarudin (1994) remuneration is a form of reward for performance rewards (rewards) or prizes, especially for services used.

B. Competition

According to Wibowo (2007) competence is a characteristic and ability to carry out or do a job or task based on skills and knowledge and supported by the work attitude required by the job. Meanwhile, according to Rivai (2011) states, competence is a skill, skill, or ability. The basic word itself, is competent which means capable, capable, skilled. Competence refers to the attributes/characteristics of someone who makes him successful in his work. According to Djaman (2007) mentions competence comes from English competency which means skills, abilities, and authority. So competence is a performance that leads to the achievement of objectives completely towards the desired condition. Kuncoro (2005) also said that core competency is the main value of the company/organization in the creation of expertise and capabilities that are spread through various product lines or businesses.

C. Leadership Style

Leadership in organizations is directed to influence the people they lead, so they are willing to act as expected or directed by others who lead them (Sutikno, 2014). According to Miftah (2010) Leadership Style is the norm of behavior used by someone when the person is trying to influence the behavior of others as he sees it. Whereas Rivai (2011) states that Leadership Style is a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved or it can also be said that leadership style is a pattern of behavior and strategy that is liked and often applied by a leader (Simamora, 2006). A leadership style that shows, directly or indirectly, about a leader's belief in the abilities of his subordinates. This means that leadership style is behavior and strategy, as a result of a combination of philosophy, skills, traits, and attitudes, which are often applied by a leader when he tries to influence the performance of his subordinates. Furthermore, according to Stonner (1996), leadership style is a variety of behavioral patterns favored by leaders in the process of directing and influencing workers.

D. Employee Performance

Hasibuan (2010) states that performance is the result of work achieved by a person in carrying out tasks assigned to him based on skill, experience, and sincerity as well as time. Simamora (2006) revealed that performance is the level of achievement of the tasks that make up a job reflecting how well employees meet the requirements of a job. Employee performance is the ability of employees to complete tasks assigned to them according to their competencies. Employee performance is a very important role in carrying out the

mission - mission of the organization in order to achieve the vision of the organization, therefore an organization will make every effort to improve the performance of its employees through compensation, competency enhancement, and so forth.

III. CONCEPTUAL MODEL

Findings of Maryesa *et al.* (2016) show that remuneration has a positive and significant effect on employee performance in LAPAN with a coefficient value of 0.53, similarities with research on remuneration, but the difference is the government agencies because different agencies will differ in magnitude remuneration and indicators in determining remuneration. The remuneration policy is proven to improve the performance of Civil Servants at the Faculty of Social Sciences UM because the acquisition of remuneration is influenced by the performance of civil servants (Hakim, 2016). Wardono (2017) shows that partially the remuneration variable has a relatively strong effect on the performance of Kodim 0907 / Tarakan soldiers. This is indicated by the value of R Square of 0.536 or 53.6%, so this relationship is predicted to be positive and significant.

Remuneration, Motivation, Leadership Style, Work Ethic, and Employee Performance of LPMP Aceh Province, all have average values above the limits required to be said to be good (Fitriah, 2015). Remuneration justice is currently felt to be not in accordance with what is expected by the employees (Hartono, 2017). Findings of Posuma (2013) show that competence and compensation have a positive effect on employee performance. But according to Rantesalu (2016) leadership does not affect performance results in that competence significantly increase organizational commitment and employee performance.

From some of the results of the above research, the researchers concluded that there was an effect of remuneration, competence, and leadership style on employee performance. Remuneration and competence always produce a positive influence, but for the leadership style, there is no effect on performance. This also encourages researchers to examine the remuneration, competence, and leadership style of the performance of civil servants in Malang State Polytechnic. This research hypothesis can be formulated as follows:

H1: Remuneration influences the performance of civil servants in Malang State Polytechnic

H2: Employee Competence influences the performance of civil servants in Malang State Polytechnic

H3: Leadership Style influences the performance of civil servants in Malang State Polytechnic

H4: Remuneration has a dominant effect on the performance of civil servants in Malang State Polytechnic



Fig. 1. Conceptual Model.

IV. RESEARCH METHOD

The scope of this research relates to Human Resource Management in particular the relationship between Remuneration, Work Environment, and Leadership Style variables on Employee Performance. The object of the unit of analysis in this study is the individual, namely the Civil Service Staff of Education in Malang State Polytechnic. This study uses a quantitative approach. According to Darmawan (2014) quantitative research is a process of finding knowledge that uses data in the form of numbers as a means of information about what we want to know. This type of research is explanatory research. According to Bungin (2015), the explanation format is intended to describe a generalization or explain the relationship of one variable with another variable, therefore explanatory research uses a hypothesis, and to test the hypothesis an inferential statistic is used.

Data collection techniques in this study are primary data which is a direct survey of employees using a questionnaire. The questionnaire in this study contains several questions using the Likert scale as a measurement scale. The remuneration variable instrument was adopted from Dharma (2004), namely Merit, Fair, Decent, Competitive, Transparent Systems, and the competition variable instrument was adopted from Jr and Spencer, (1993) namely intellectual competence, emotional competence, social competence, instruments of leadership style variables adopted from Rivai (2011). Namely Directing, Training, Supporting, Delegating as well as research instruments of employee performance variables are adopted based on theory (Robbins, 2006) namely Quality, Quantity, Timeliness, Effectiveness, Independence and Work Commitment. The population in this study were all civil servants of educational staff in Malang State Polytechnic totaling 169 people, then the number of samples was calculated using the Slovin formula and used as many as 63 respondents. Based on the primary data obtained will then be carried out instrument testing and multiple linear regression analysis using the SPSS application.

V. RESULTS

Validity and reliability tests are conducted to see the validity of the instruments used. Validity is measured from $r \geq 0.30$ The basis of decision making is said to be valid if the coefficient value is more than 0.3. The basis for making a decision whether a measurement is reliable or not is if the value of alpha Cronbach is greater than 0.6 then it can be called reliable. The validity test of remuneration variables consisting of 15 items, 21 items of competency variables, 16 items of leadership style variables, and 15 items of employee performance variables showed a correlation value of more than 0.3 and above the r table value so that the entire instrument research items were declared valid. Furthermore, the correlation value of each variable shows a number above 0.6 so that it can be declared reliable, this can be seen in Table I.

From the results of data processing using SPSS 16 computer programs for windows obtained the results of the analysis in Table II.

Based on the recapitulation table, multiple regression equations are obtained as follows:

$$Y = 9.075 + 0.072X_1 + 0.296x_2 + 0.631X_3 \quad (1)$$

Based on these equations it can be explained that the value of $a = 9,075$ which is a constant, $\beta_1 = 0.072$ is the magnitude of the regression coefficient of the independent variable Remuneration, the positive multiple regression coefficients and a significant value less than 0.05 indicates remuneration has a direct effect on employee performance, $\beta_2 = 0.296$ is the magnitude of the regression coefficient of the independent variable Competence and direct effect on employee performance, $\beta_3 = 0.631$ is the magnitude of the regression coefficient of the independent variable Leadership Style.

The value of the multiple correlation coefficient (R) of 0.965 indicates a significant relationship between Remuneration, Competence, and Leadership Style on performance (Y). From the results of the multiple linear regression calculations above, it can be seen the value of the coefficient of determination (Adjusted R square) of 0.928. This figure shows the coefficient of determination means that Remuneration, Competence and Leadership Style can contribute to the employee's performance of 92.8%, while 7.2% is caused by other variables outside of this research variable.

The results of the regression analysis obtained the value of $t_{count} = 2.023$ while the value of $t_{table} = 1.669$ so that the $t_{count} > t_{table}$ or significance value of $0,000 < 0.05$ so that the Remuneration variable proved to have a significant effect on the Performance of Malang State Polytechnic Employees. The results of regression analysis obtained the value of $t_{count} = 4,229$ while the value of $t_{table} = 1.669$ so that $t_{count} > t_{table}$ or significance value of $0,000 < 0.05$ this proves that the Competency variable influences the Performance of Malang State Polytechnic Employees. The results of the regression analysis obtained the value of $t_{count} = 7.156$ while the value of $t_{table} = 1.669$ so that $t_{count} > t_{table}$ or significance value of $0.000 < 0.05$ and proven leadership style variables significantly influence the Performance of Malang State Polytechnic Employees. The independent variable that has the biggest and significant coefficient is the variable that has a dominant influence on employee performance. Based on the results of regression analysis the value of the leadership style variable is 0.631, this means that leadership style is the variable that has the dominant influence on the performance of Malang State Polytechnic employees, followed by the competency variable of 0.282 and the remuneration variable of 0.075. amounted to 267,428, while F_{table} at $\alpha = 5\%$, amounted to 2.72; this means $F_{count} > F_{table}$ ($267,428 > 2.72$) while the probability value is smaller than $\alpha = 0.05$ ($0.00 > 0.05$), this proves that the independent variables: Remuneration, Competence and Leadership Style have a significant effect on Employee Performance.

TABLE I: RELIABILITY TEST

Variable	Coefficient Reliability	Remarks
Remuneration	0.769	Reliabel
Compensation	0.748	Reliabel
Leadership Style	0.765	Reliabel
Employee Performance	0.770	Reliabel

Source: Primary data processed, 2018.

TABLE II: RECAPITULATION OF MULTIPLE LINEAR REGRESSION ANALYSIS RESULTS

Variable	Regression Coefficient	T _{value}	Sig.	Remark
Remuneration	0.072	2.023	0,000	Signifikan
Compensation	0.296	4.229	0,000	Signifikan
Leadership Style	0.631	7.156	0,000	Signifikan

Source: Primary data processed, 2018.

TABLE III: HYPOTHESIS TEST

Variable	Regression Coefficient	T _{value}	t _{table}	Sig.	Remark
Remuneration	0.072	2.023	1,669	0.009	Significant
Compensation	0.296	4.229	1,669	0.000	Significant
Leadership Style	0.631	7.156	1,669	0.000	Significant

Source: Primary data processed, 2018.

VI. CONCLUSION

Remuneration is something that is received by an employee as a form of compensation for the contribution he has made to the organization where he works (Surya, 2004: 8) This remuneration is related to employee welfare and the definition is broader than salary can be in the form of money or goods and can be given directly or indirectly. The results of this study are in line with research conducted by Maryesa *et al.* (2016), Wardono (2017), Fitriah (2015), Hakim (2016), and Hartono (2017) which states that remuneration has a positive influence and significant on employee performance. From the results of the highest frequency of answers to the remuneration variable, namely the fair indicator, namely for work with the same workload, although different positions are given the same remuneration.

According to Spencer *et al.* (1993), competence as a basic characteristic of an individual is causally related to criterion-referenced effective and/or very high performance in doing a job. Based on Government Regulation Number 101 of 2000 concerning Civil Servants Education and Training, that competency is the ability and characteristics possessed by a civil servant in the form of knowledge, skills, and behavioral attitudes required in carrying out the duties of his position. Based on Minister of National Education Decree No. 045 of 2002, competence is expressed as a set of smart, responsible actions that a person has as a condition for being considered capable by the community in carrying out tasks in certain fields of work. The results of this study are in line with research conducted by Rantesalu (2016) which states that competence has a positive and significant effect on employee performance. From the results of the highest frequency of answers on the competency variable, namely intellectual competence.

According to Rivai (2011) leadership is the process of influencing or setting an example to his followers through the communication process in an effort to achieve organizational goals. Based on the understanding of leadership style according to the experts above, it can be concluded leadership style is (leadership style) is a way taken by someone in order to practice their leadership. The results of this study are in line with research conducted by Posuma (2013) which proves and provides conclusions that leadership style has a positive and significant effect on employee performance. From the results of the highest frequency of answers on the leadership style variable that is the delegating indicator. The leader always

gives full confidence to the employees to complete the tasks that have been given.

Descriptive analysis results show that remuneration, competence, and leadership style has been going well and must always be maintained and improved for the sake of improving service quality and improving employee welfare in Malang State Polytechnic. In the results of this study, researchers found that the leadership style variable had a dominant effect on the performance of Malang State Polytechnic employees. Leadership style is not a talent, so it can be learned and practiced and, in its application, must be adapted to the situation at hand. Leadership style is the behavior of the leader towards his followers or the way the leader uses to influence his followers. This shows that the main thing that needs to be considered to improve employee performance in Malang State Polytechnic is leadership style.

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