Implementation of Performance Allowance Reduction through Work Discipline on Employee Performance at the Department of Population and Civil Registration of Sumenep Regency

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Abstract

The role of human resources is always crucial in the journey of an organization, as they are expected to provide a positive boost to performance development, especially in relation to the reduction of allowances for employees. The Department of Population and Civil Registration of Sumenep Regency, which is involved in public services, particularly emphasizes adequate performance from its employees in serving the general public. This research was conducted at the Department of Population and Civil Registration of Sumenep Regency and aimed to determine: a) the employees' perception of the impact of performance allowance reduction on performance, b) the employees' perception of work discipline's impact on performance, c) the impact of performance allowance reduction on work discipline, and d) the employees' perception of the impact of Performance Allowance Reduction on performance through the mediating factor of work discipline. Partial Least Squares (PLS) was used as the data analysis technique in this research. The results of the study showed that Performance Allowance has a significant positive influence on Work Discipline, and Performance Allowance and Work Discipline have a significant positive influence on Employee Performance.

Keywords: Performance Allowance Reduction, Work Discipline, Employee Performance

Introduction

The improvement of work culture and performance in an organization or institution cannot be achieved without the support of all parties involved in the organization. The role and support of all parties in an organization are crucial in driving the organization forward. Mangkunegara (2010) states that performance is the result of employees' work, which is an

implication of the quality and quantity of efforts made in carrying out tasks according to their responsibilities and roles. Meanwhile, Ardana (2012) argues that work discipline is the attitude of employees in adhering to all regulations in an organization, both written and unwritten, with respect and acceptance of any sanctions. Assigning responsibilities to employees is a measure for organizations to assess the capacity of employees in completing the tasks assigned to them as a contribution to the organization and its service delivery.

The role of the Department of Population and Civil Registration of Sumenep Regency is one of the departments that serve the needs of the community, especially for the issuance of identity documents, which requires optimal employee performance. To achieve optimal employee performance, the Department of Population and Civil Registration provides performance allowances to its employees. These performance allowances are received by employees based on their level of discipline and performance achievements. If employees violate discipline rules and regulations or fail to meet the government's regulations on discipline, their performance allowances may be reduced. The reduction of performance allowances aims to motivate employees to maintain a high level of discipline and achieve maximum performance results.

Literature Review

Employee performance is the result of individual work within an organization. According to Pasolong (2010), employees strive to perform their best in carrying out their tasks. The performance of employees and the organization needs to be measured by leaders in order to assess the progress of both employees and the organization (Notoadmodjo, 2009). In order to enhance job performance, motivation, and job satisfaction among employees, management provides compensation as a reward for their performance (Umar, 2010).

According to Flippo, compensation is fair and appropriate remuneration provided to employees for their services in order to help achieve organizational goals (Sofyandi, 2013). Siagian (2008) states that good compensation can ensure satisfaction, maintain, and employ individuals with positive behavior who are productive for the organization's interests. Compensation is an important factor in retaining and attracting qualified human resources (Bangun, 2012). The main objective of every organization in designing a compensation system is to motivate employees to improve their performance and retain competent employees (Sutrisno, 2014).

Discipline is a crucial operational function of human resource management because the better the employees' discipline, the higher the level of job performance they can achieve (Hasibuan, 2012). Discipline plays a significant role in shaping behavior (Buhler, 2007). Discipline should be implemented fairly and consistently. Every employee involved in inappropriate behavior should be treated equally. Progressive discipline involves gradually stricter disciplinary actions for repeated instances of inappropriate behavior. This program starts with a verbal warning upon the first offense. Work discipline is influenced by one of the variables to be examined, namely Performance Deductions.

To improve employee performance, organizations provide full compensation based on performance achievements and established targets. If performance and targets are not met, organizations may implement compensation deductions according to the rules. Compensation

is not distributed uniformly and equally among employees based on their individual performance evaluations.

Research Method

This type of research is quantitative and utilizes both primary and secondary data to support the study. The sample used in the research consists of 30 employees from the Department of Population and Civil Registration of Sumenep Regency. The Partial Least Squares (PLS) approach is used in the data analysis technique because it is a research method that can construct all the models that can be predicted in a study when there are multiple factors involved.

Result and Discussion

1. Measurement Model

The convergent validity of the measurement model with reflective indicators is assessed based on the correlation between item scores and construct scores calculated using PLS (Partial Least Squares). Individual reflective measures are considered high if the correlation is above 0.70 with the desired construct. However, for early-stage research in measurement scale development, loading values ranging from 0.5 to 0.6 are considered sufficient (Ghozali, 2006).

The discriminant validity of the measurement model with reflective indicators is evaluated based on the cross-loadings of measurements with constructs. If the square root of the Average Variance Extracted (AVE) for each construct is greater than the correlation value between that construct and other constructs in the model, it is considered to have good discriminant validity.

a. Indicator Validity

It is indicated by factor loadings greater than 0.5 and/or t-statistic values ≥ 1.96 (Z-value for $\alpha = 0.05$). Factor loading represents the correlation between an indicator and its latent variable. If the factor loading is greater than 0.5, the indicator is considered valid. The t-statistic value is the result of a statistical test indicating the contribution of the relationship between indicators or between variables. If it is ≥ 1.96, the relationship is considered significant. Refer to Table 1 below:

Table 1. Outer Loading Table (Reflective Variable Measurement Model)

	Performance Allowance (X1)	Work Discipline (X2)	Employee Performance (Y)
X1.1	0.801		
X1.2	0.879		
X1.3	0.620		
X1.4	0.773		
X2.1		0.702	
X2.2		0.737	
X2.3		0.904	
X2.4		0.728	
Y.1			0.738
Y.2			0.607
Y.3			0.621

Y.4	0.808
Y.5	0.769
Y.6	0.677

Source: Data Processing Results

Based on the outer loading table above, it can be observed that all indicators for the performance allowance variable have factor loadings greater than 0.50, indicating that all of these indicators are valid measures/indicators for the performance allowance variable. For the work discipline variable, all indicators also have factor loadings greater than 0.50, making those valid measures/indicators for the work discipline variable. Similarly, for the employee performance variable, all indicators have factor loadings greater than 0.50, making those valid measures/indicators for the employee performance variable. Overall, the estimation results have met the requirements for convergent validity.

To determine this, examine the outer weights of each indicator and their significance. See Table 2 below for convergent validity and outer weight.

Table 2. Outer Weight Table (T-Statistic Model)

	Performance Allowance (X1)	Work Discipline (X2)	Employee Performance (Y)
X1.1	0.346		
X1.2	0.383		
X1.3	0.159		
X1.4	0.371		
X2.1		0.231	
X2.2		0.284	
X2.3		0.409	
X2.4		0.356	
Y.1			0.186
Y.2			0.253
Y.3			0.213
Y.4			0.255
Y.5			0.246
Y.6			0.268

Source: Data Processing Results

The testing results in the outer weight table indicate that for the work discipline variable, indicator X2.1 is not significant because its T-statistic value is smaller than 1.645 (at $\alpha = 0.10$). Therefore, it can be concluded that the X1.1 indicator does not play a dominant role as an indicator for the work discipline variable.

b. Variable Validity (Construct)

The next testing for the measurement model involves examining the value of Average Variance Extracted (AVE), which indicates the amount of variance in the indicators that can be explained by their latent variables. An AVE value greater than 0.5 also indicates good convergent validity for the latent variable. The AVE values can be seen in the table below:

Table 3. Average Variance Extracted (AVE)

	Average variance extracted (AVE)
Performance Allowance X1	0.599
Work Discipline X2	0.596
Employee Performance Y	0.500

Source: Data Processing Results

The next measurement model is the Average Variance Extracted (AVE), which indicates the amount of variance in the indicators that is accounted for by their latent variables. A convergence value of AVE greater than 0.5 also indicates good validity for the latent variable. For reflective indicator variables, the AVE values for each construct (variable) can be examined. A good model requires that the AVE values for each construct are greater than 0.5. The testing results show that the AVE values for the constructs of performance allowance, work discipline, and employee performance are equal to or greater than 0.5, indicating their validity.

c. Reliability

The reliability of constructs is measured using the composite reliability value. A construct is considered reliable if the composite reliability value is above 0.70, indicating that the indicators are consistent in measuring the latent variable.

Table 4. Composite Reliability Source: Data Processing Results

	Composite Reliability
Performance Allowance X1	0.855
Work Discipline X2	0.854
Employee Performance Y	0.856

Source: Data Processing Results

The testing results show that the constructs of performance allowance, work discipline, and employee performance have composite reliability values greater than 0.7, indicating their reliability.

2. Causality Testing (Inner Model)

In Partial Least Squares (PLS), path coefficient parameter values are obtained through the inner model weights by first determining the t-statistic values using the standard error bootstrap procedure. The calculation results from the smart PLS software are as follows:
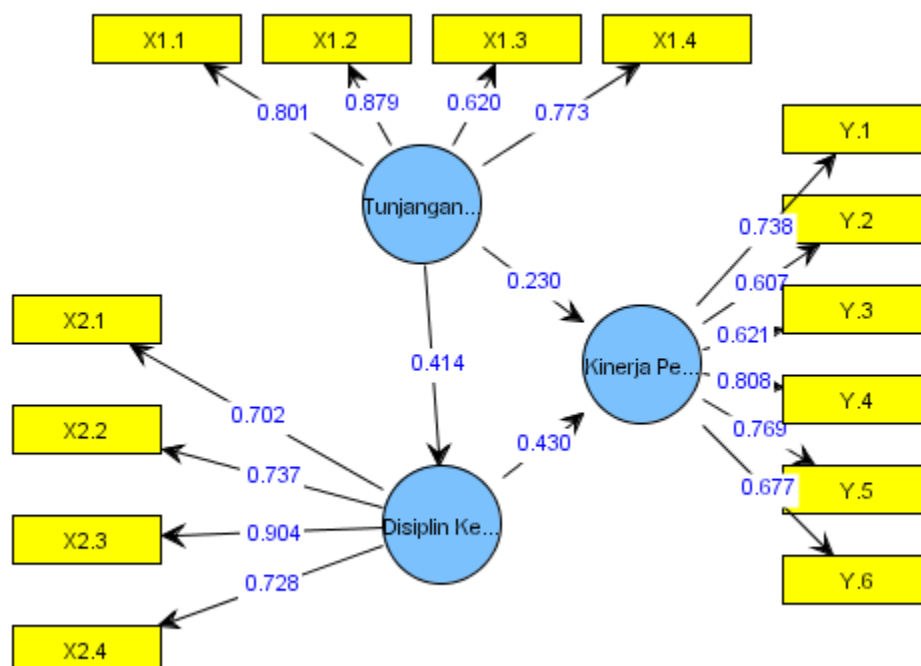
Figure 1. PLS Model Results

Table 5. Causality Testing Results

	Path Coefficient	mean of subsamples	Standard deviation	T-Statistic
Performance Allowance X1 -> Work Discipline X2	0.414	0.437	0.155	2.671
Performance Allowance X1 -> Employee Performance Y	0.230	0.257	0.087	2.638
Work Discipline X2 -> Employee Performance Y	0.430	0.451	0.071	6.036

Source: Data Processing Results

Based on the hypothesis testing conducted to analyze the role of performance allowances on work discipline, it is found that performance allowances have a significant positive influence on work discipline. This result indicates that regardless of the amount of allowances provided by the government, it significantly affects work discipline. This can be seen from the T-Statistic value of 2.671, which is greater than the $Z \alpha = 0.10$ (10%) value of 1.645.

This result shows that the performance allowances provided by the local government to employees, especially within the Department of Population and Civil Registration in Sumenep Regency, have a very positive impact. This is because the statistical result indicates a significant positive influence. It means that the allowances play a good and positive role in improving work discipline. Therefore, the larger the allowances provided, the better the work discipline.

Based on the hypothesis testing conducted to analyze the role of performance allowances on employee performance within the Department of Population and Civil Registration in Sumenep Regency, it is found that performance allowances have a significant positive influence on employee performance. This result indicates that regardless of the amount of allowances provided by the government, it significantly affects employee performance. This can be seen from the T-Statistic value of 2.638, which is greater than the $Z \alpha = 0.10$ (10%) value of 1.645.

Hence, the government's efforts to improve employee performance through the provision of performance allowances are highly correlated and have a positive impact. This is because the larger the performance allowances provided by the government, the better the employee performance. Therefore, the provision of performance allowances needs to be maintained to enhance the performance of employees within the Department of Population and Civil Registration in Sumenep Regency. Improved performance will have an impact on the services provided by employees to the public.

Based on the hypothesis testing conducted to analyze the role of work discipline on employee performance within the Department of Population and Civil Registration in Sumenep Regency, it is found that work discipline also has a significant positive influence on employee performance. This result indicates that the level of work discipline practiced by employees significantly affects their performance. This can be seen from the T-Statistic value of 6.036, which is smaller than the $Z \alpha = 0.10$ (10%) value of 1.645.

This shows that the role of work discipline on employee performance can be explained as follows: the higher the work discipline practiced by employees within the Department of Population and Civil Registration in Sumenep Regency, the higher their performance. Therefore, it is necessary to maintain and even improve work discipline to achieve better employee performance.

Conclusion

Based on the research findings, the following conclusions can be drawn:
1. Performance allowances have a significant positive influence on work discipline.
2. Performance allowances have a significant positive influence on employee performance.
3. Work discipline has a significant positive influence on employee performance.

These conclusions are based on the results and findings of the conducted research.

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