

Performance Allowance, Motivation, Employees' Work Achievement And Organizational Performance Among Government Employees

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Abstract

This research analyzed the relationships among performance allowance, employee motivation, work achievement and organizational performance in the Ministry of Religion's Office Lumajang City. This research used a quantitative research design based on Structural Equation Modeling (SEM) model. Research results showed insignificant direct between performance allowance and motivation, employees' work achievement, and organizational performance. Work achievement has a direct and strongest significant influence on performance improvement in public organizations. Nonetheless, the influence of work achievement on organizational performance is mediated by a number of supporting factors, including performance allowance and motivation.

Keywords: *Performance Allowance, Motivation, Work Achievement, Organizational Performance*

INTRODUCTION

Performance is associated with productivity in an organization. Some of the factors that influence performance in a public organization include performance allowances, work environment, motivation, leadership, education and training and employee performance. Previous research on performance show significance influence of work environment, manager attitude, organizational culture, personal problem and work context on employee performance (Saeed et al., 2013). Muda et al. (2014), found work stress, motivation and communication to influence employee performance.

Performance evaluation in public organizations is essential for improving the quality of public services. This is because performance evaluation assesses the performance of a public organization in providing services to the public service users. This based on the premise that public organizations must orientate their operations and services toward delivering public services to the public (public service oriented). Performance evaluation, in addition, serves as a tool that assesses previous organizational performance to compare actual performance with expected performance. Results of such an evaluation provide input on improving future organizational performance.

In the context of a public organization, performance measures the level of achievement or outcome in managing and running an organization on various aspects within a specific timeframe. Meanwhile, with respect to employees, assessing performance is useful in

generating data that serves as a reference in efforts to improve organizational performance through enhancing employee performance. Some of the areas that undermine the organizational performance of public organizations, thus requiring improvement to enhance performance, include resource allocation, decision-making, and accountability issues (Andrews et al., 2010). In 2015, the Ministry of Religious Affairs issued regulation No.2014 on performance allowance, which has the main goal of motivating civil servants in MRA to enhance their performance. Higher performance is in turn expected to contribute to higher organizational performance. The outcome of a 2015 report on employee performance, which was conducted by the MRA in Lumajang District, East Java province showed that employees earned a score of 6.7 out of a maximum of 9. While the score was categorized as good, MRA office leaders urge employees to enhance their efforts to improve their performance on the index. In light of that, this research examined factors that influence performance allowance employees to earn in MRA Lumajang district, East Java province.

Research on performance in public organizations is interesting. This is because performance measurement in public organizations is more difficult than in private organizations. Performance achievement is based on indicators that are predetermined through regulations. Moreover, some aspects of public service delivery are not easy to quantify. For instance, Denhardt & Denhardt (2007) notes

that public organizations should prioritize public the interests in delivering services. The concept of public interests is not easy to measure, implying that it is not easy to determine the extent to which a civil servant achieves the goal of serving public interests. Moreover, measuring public sector organization performance is also difficult because of the more constraints that civil servants face in delivering services than employees in private organizations. Limited discretion, requirement to follow regulations and standard operating procedures, not profit oriented but service oriented, qualitative and intangible output (service). Moreover, there is no direct relationship between input and output, conduct and operations of t organization are not influenced by market developments or factors (hence it is not easy to identify benchmarks), focuses on creating public satisfaction, which is a concept that not easy to measure objectively. Thus, a research on impact of provision of performance allowances on the performance of public organizations can provide vital contribution to leaders in making decisions on improving the quality of organizational performance.

Performance of employees in a public service organization, is underpinned by bureaucratic service paradigm, which serves as the benchmark on achieving organizational performance goals. The bureaucracy paradigm, according to Denhardt & Denhardt (2007), is based on the premise that government organizations cannot be managed like profit oriented enterprises, rather bear semblance to a de-

mocracy. In light of that, implementing Denhardt & Denhardt (2007) ideas that are embodied in the New Public Service (NPS) paradigm model requires, inter alia, providers should treat users of public services as citizens rather than customers; building collective notions of public interest; valuing citizenship more than the actions of entrepreneurial managers; thinking strategically and acting democratically; recognizing that accountability is not as simple as relying on market mechanisms; not focusing solely on productivity; and serving rather than directing and respecting the whole society.

Motivation is another factor that influences organizational performance. By enhancing the productivity of employees, efforts that increase motivation such as the fulfillment of needs both external (primary needs, food, clothing, shelter, and supportive environment) and internal needs (employees' desire to put themselves in a satisfactory career position) contribute to higher employee performance, which in turn translates into better organizational performance. Motivation induces persistence of a person to maintain performance that benefits the organization (Al-Madi et al., 2017). Motivation is the driving force that elevates and sustains enthusiasm to work, collaborate with other employees, work effectively by galvanizing all their efforts to achieve satisfaction. Moreover, motivation also makes a significant contribution to achieving employee success and organizational effectiveness. Manzoor (2011) finds a positive and significant relationship between

employee motivation and organizational effectiveness. However, intrinsic motivation does not have a significant effect on performance (Hayati & Caniogo, 2012).

One of the key motivating factors for employees is to earn a decent living in places where they work. To that end, decent compensation is an important predictor of employee productivity (Yamoah, 2013). External sources of motivation include coaching activities, which has been associated with improvement in morale, productivity, loyalty, discipline; and the existence of good working relationships among employees on one hand and employees and management or leadership, on the other.

The Ministry of Religious Affairs (MRA) of the Republic of Indonesia issued a regulation on performance in 2014. The regulation is aimed at enhancing employee performance on their work which in turn is expected to contribute to higher organizational performance. Performance allowance is one of the components of compensation, which civil servants receive in accordance with their job performance. Thus, the level of performance allowance a civil servant earns depends on the achievement of an employee on the job. By linking work achievement to compensation, performance allowances contribute to higher employee motivation and enthusiasm, and performance.

Consequently, higher employee performance contributes to higher organizational performance. Performance allowances are categorized into several grades based on tasks

and functions, with each grade determining the allowance an employee who falls into it earns. Employees receive performance allowance monthly as an additional payment to their regular salaries. The amount of the performance allowance an employee receives is based on based on work attendance and individual performance achievement. Meanwhile, the MRA Regulation, No. 51 of 2014, stipulates the categories and grades. The level and grade are based on the consideration of the amount of allowance that is deemed fair and decent in accordance with the scope and impact of employment, authority, employment relationship, difficulties, and job responsibilities.

The paper is organized as follows. Section two presents literature review and development of hypotheses. The third section discusses the research methods, while section four presents research results and discussion. The final section concludes the paper.

REVIEW LITERATURE

Organizational Performance

Organizational performance is a measure of achievement of the vision, mission, goals, and strategies of the organization. Performance is also considered a manifestation of the level of achievement of strategic planning implementation (Balzac, 2011). Thus, organizational performance reflects the level of efficiency and effectiveness of the organization in terms of the organization's internal goals and targets as well as in reference to external benchmarks. Indicators of organizational per-

formance, take broadly two forms, inter alia, quantitative and qualitative (Khandekar & Sharma, 2006). Performance indicators should be clear on the criteria to use in conducting the measurements. This is because lack of clarity on indicators makes performance measurement difficult, which in turn undermines efforts to allocate resources to areas and programs based on performance.

Besides, measuring the performance of public organizations is difficult because of the lack of agreement on the appropriate indicators that can measure performance. Some of the indicators that are usually used to measure bureaucratic performance include productivity, service quality, responsiveness, and accountability. Productivity refers to the ratio between input and output. It is in other words a measure of the output per given input. The concept of productivity does not only measure efficiency but also service effectiveness. Meanwhile, service quality gauges satisfaction users of services derive or get from services they receive. Thus, quality of service can be used to measure the performance of public organizations. The main advantage of using community satisfaction as a performance indicator is that information about community satisfaction easily available and inexpensive.

Meanwhile, responsiveness refers to the ability of public organizations to carry out their missions and objectives, especially in meeting the needs of society. Responsiveness measures the extent to which the conduct of public service delivery is in accordance with

public administration principles. Public accountability gauges the level of transparency in the process of conducting an organization's policies and activities to the community. Measuring organizational performance is not a static process because it must adapt to changes in the needs of public service users, operating environment (underlying laws and regulations), and organizational factors including culture (Humayon et al., 2018). Performance allowance (Rizal et al., 2014), motivation (Zameer et al., 2014), and work achievement (Suresh & Jaleel, 2015) are some of the factors that influence organizational performance.

Performance Allowance and Organizational Performance

Performance allowance is additional remuneration employees receive as compensation for carrying job tasks and responsibilities that are associated with roles and positions in an organization. Simanjorang & Tumbuan (2016) contend that performance allowance is aimed at enhancing employee welfare. Meanwhile, Najoan et al. (2018) argue that performance allowance in a public organization is given to civil servants as a reflection of their contribution to the successful implementation of bureaucracy reforms. The level of allowance a civil servant receives depends on the level of accomplishment of the employee on the job). The purpose of performance allowance, thus, is to motivate employees to use all their efforts and dedication to do their jobs (Tjahjono & Riniarti, 2015); elicit change in attitude to work, behavior, mindset, mentali-

ty, morality, and motivation (Puluhulawa, 2013); and employee quality.

Compensation systems vary by organization. In general, performance allowance takes two forms sinter, Alia, i) financial compensation and ii) non-financial compensation. Financial compensation consists of (i) direct financial compensation are allowances to support the income of an employee in the form of economic benefits, bonuses, and commissions, and (ii) indirect financial compensation, which supports the income of an employee in forms that include employee insurance, social assistance, payment of medical expenses, among others. Non-financial compensation constitutes reciprocity in awards (Peterson & Luthans, 2006). Performance allowance has a positive influence on employees' work achievement (Aryawiguna et al., 2017); Employee commitment to the organization (Rizal et al., 2014); improve work quality (Simanjourang & Tumbuan, 2016).

Motivation and Organizational Performance

Motivation is the desire to do something for a certain purpose, which constitutes a sequence of attitudes and values that influence an individual to reach a specific purpose, including the willingness to put in more effort to achieve the objectives of the organization. Motivation comprises two forms, intrinsic and extrinsic motivation. Intrinsic motivation relates to real rewards such as fee, position, promotion, contract, work environment, and work condition. Thus, real rewards in an organization are within the purview and control

of the manager, hence can be aligned with employee needs to achieve organizational goals. This is possible through for instance increasing payments, provide praise for achievements made, giving the challenge to accomplish, and leading by example.

Consequently, motivation is an important factor that influences employee performance (Shahzadi et al., 2014; Zameer et al., 2014); and positively influences organizational growth, welfare, and productivity (Manzoor, 2011). For motivation to achieve organizational objectives, it should be mediated by the drive of the employee to fulfill both basic and non-basic needs. Motivation, according to Duica (2018) as cited in Robescu & Iancu (2017), consists of the internal and external driving force for an individual to do an activity that is tailored to achieving, achieving certain goals. Nonetheless, achieving organizational goals requires coordination and collaboration of motivation of individual employees through orientating employees to achieving specific goals and objectives, galvanizing organizational resources including personnel, financial and others (Ahmad et al., 2012); enhances productivity, reduced operational costs, and increase overall efficiency; improves employee performance behavior by serving as a guidance that strengthens dedication to work (Muogbo, 2013).

Work motivation is of interest to managers in an organization system. This is because motivation underpins fundamental issues that influence human behavior including human philosophy, human dynamic needs, the satis-

faction of human needs, and differences in human characteristics in a company or organization. (Maslow, 1970) proposes five main human needs, including, the necessities of life such as food and drinks, housing, air, and many others. Fulfilling such basic needs motivates an individual to work harder. Security needs comprise the need for safety and welfare, which are fulfilled by being employed. Such needs relate to the feeling of safety at work. Social needs, on the other hand, consist of social, friends, affiliation, interaction, love, and acceptability to members of a group. Motivation is also associated with self-esteem and self-actualization. The need for self-actualization consists of the ability, skill, and achieve individual work potential.

Borman & Motowidlo (1997) as cited in (Sungkono & Dewi, 2017) job performance measures of work achievement in terms of expected results, in accordance with the pro-

cedures and responsibilities established by the organization. The performance of employees on assignments in the organization (work achievement), is an important element in an organization. Work achievement evaluation entails measuring the performance of employees on their job tasks and associated duties and responsibilities. Work achievement evaluation takes various forms including work quantity, quality, ability, initiative, skill, attitude, and attendance (Heidjrachmanand, 2000). Determents of work achievement include the state of working conditions such as remuneration, work environment, and work motivation; relationship with fellow employees, superiors, or supervisors; opportunities for career development, educational attainment, and training opportunities; management or leadership style; performance appreciation methods; and organizational culture. Besides, employees how high performance in working

Table 1. Research variables and Indicators

Variable	Indicators
Performance Allowances (Ramli, et al., 2015)	Values and position classes Allowance Intensive Amenities
Work Motivation (Rivai, 2004)	Physiological Appreciation Social Self-actualization
Work Achievement (Heidjrachmanand, 2000)	Work quality Initiative Discipline Knowledge
Organizational Performance (Dwiyanto, 2008)	Productivity Quality of service Responsibility Accountability

Table 2. Validity and Construct Reliability Analysis Results

Variable	Indicator	Loading Factor	Composite Reliability	Average Variance Extracted
Performance Allowances	Values and position classes	0.713	0.804	0.507
	Allowance	0.773		
	Intensive	0.729		
	Amenities	0.625		
Work Motivation	Physiological	0.813	0.822	0.527
	Appreciation	0.644		
	Social	0.735		
	Self-actualization	0.729		
Work Achievement	Work quality	0.690	0.729	0.408
	Initiative	0.662		
	Discipline	0.465		
	Knowledge	0.709		
Organizational Performance	Productivity	0.545	0.757	0.441
	Quality of service	0.732		
	Responsibility	0.641		
	Accountability	0.721		

environments that empower them (Suresh & Jaleel, 2015).

Work achievement evaluation has essentially two purposes, namely) oriented toward past performance, and ii) oriented toward improving performance on job tasks and responsibilities in the future (Astuti, 2006). Evaluation of the employee on the previous performance determines the extent to which an employee rated on the comparison between the expected and actual delivery of the assigned job's tasks

and responsibilities, while future-oriented performance evaluation is aimed at identifying areas that need improvement to enhance performance in the future.

METHODS

The research used a quantitative research design that was based on Structural Equation Model (SEM). Data collection involved conducting a survey of respondents. The population of the study was 153 state civil servants

Table 3. Discriminant Validity Analysis Result

Variable	Performance Allowances	Work Motivation	Work Achievement	Organiaational Performance
Performance Allowances	(0.712)			
Work Motivation	0.418	(0.733)		
Work Achievement	0.546	0.644	(0.639)	
Organizational Performance	0.557	0.497	0.706	(0.664)

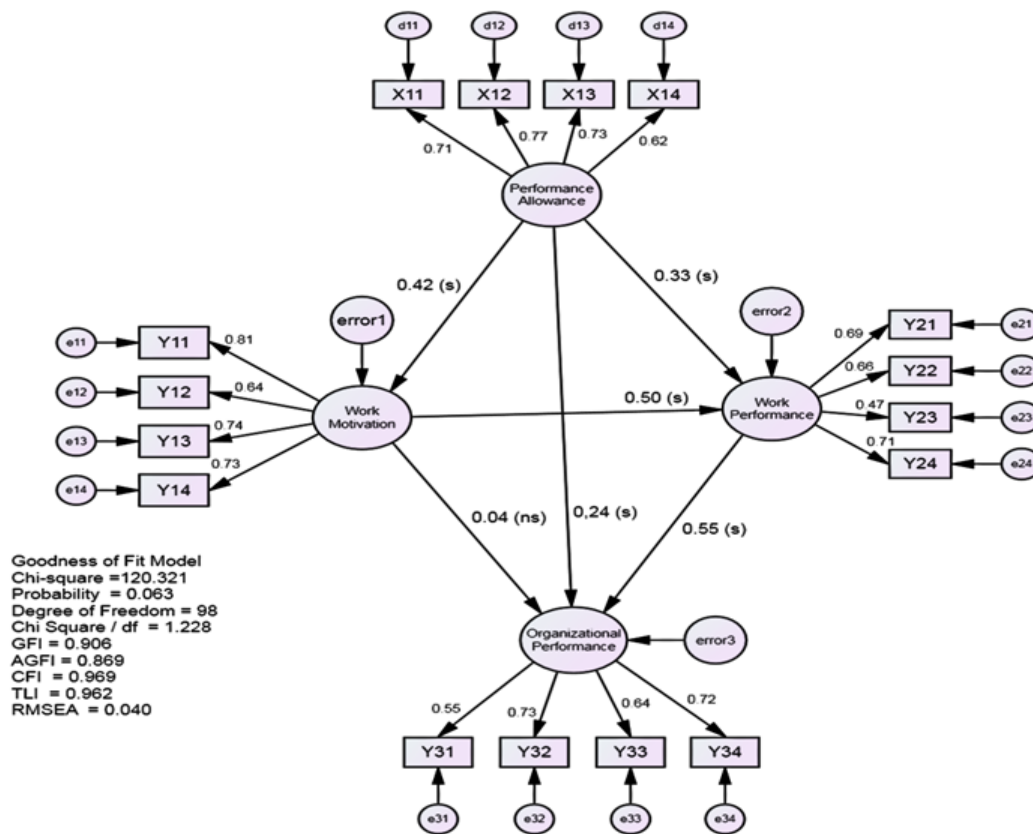


Figure 1. Hypotheses Test Results

holding structural, functional, and general positions in the Office of the Ministry of Religion, Lumajang Regency (December 2019). The survey was carried out on the population. The response rate was 91.3% (140 respondents). Table 1 provides a summary of the variables and indicators.

RESULTS AND DISCUSSION

Descriptive statistics of the data showed that the majority of respondents 95 (67.9%) were male, of whom 64 (47%) were between 41 and 50 years old. The majority of respondents 134 (96%) were married. As regards educational attainment, 64 (47%) of respondents had tertiary education. Meanwhile, as regards

Table 4. Path Coefficient Test Results

Correlation	Path Coefficient	C. R	P	Status
Performance AllowancesàWork Motivation	0.418	3.916	0.000	Significant
Performance AllowancesàWork Achievement	0.335	3.030	0.002	Significant
Work MotivationàWork Achievement	0.504	4.373	0.000	Significant
Performance Allowancesà Organizational Performance	0.240	1.980	0.048	Significant
Work Motivationà Organizational Performance	0.044	0.337	0.736	Not Significant
Work Achievementà Organizational Performance	0.546	3.002	0.003	Significant

working experience, 47 (34%) of the respondents had at least 20 years of working experience. With respect to job classification, 39 (28%) of respondents occupied functional positions.

Table 2 presents the validity and reliability test results. As can be seen, loading factors on all the indicators were within the 0.465-0.813 range, which is higher than the cut-off point of 0.50. In other words, indicators had good construct validity. Meanwhile, the magnitude of composite reliability coefficients was between 0.729 and 0.804, which is higher than the cut-off point of 0.700, with an average variance extracted (AVE) range of 0.408 – 0.500. Thus, indicators showed good construct reliability.

Another measure of validity used was the discriminant validity test (Table 3). results, Discriminant validity is determined by comparing the root of AVE from a construct with correlation coefficient on other variables. For instance, on the performance allowance, the root number of AVE is 0.712, which is greater than the correlation coefficient on the other variables with the range of 0.418 to 0.557. Thus, the construct has good discriminant validity as well as the analysis results toward the other variables. Discriminant validity is used in determining construct reliability.

The hypotheses test results are presented in Figure 1. As shown, the model fit is good. This is reflected in the Chi-square that is insignificant ($\chi^2=120.321$; $p=0.063$). Results showed that the covariance matrix on the data was not significantly different from the covar-

iance matrix on the models. Moreover, other model fit indexes were also fulfilled. Values of GFI and AGFI indices were 0.906 and 0.869, respectively, implying that both were favorable as they fell in the recommended range of 0.80-0.90 (Hair et al., 2010). Values of CFI and TLI indices (which measure the performance of the hypothesized model compared with the baseline model) were 0.969 and 0.962, respectively, which fell in the good category as they had a p-value that was above 0.95. The value of RMSEA, which compares the absolute model fit of the hypothesized model and the perfect model was 0.040, which is good as it was lower than 0.08.

Path coefficient test results are shown in Table 4. Results showed that performance allowance has a significant influence on work motivation ($\beta=0.418$; $p<0.001$); work motivation has a stronger influence on work achievement ($\beta=0.504$; $p<0.001$), than on performance allowance ($\beta=0.335$; $p=0.002$). Meanwhile, organizational performance is significantly affected by performance allowance ($\beta=0.240$; $p=0.048$) and work achievement ($\beta=0.546$; $p=0.003$). Organizational performance does not have a direct influence on work motivation ($\beta=0.044$; $p=0.736$).

Table 4 shows the significant direct influence of performance allowance on employees' performance. Higher employees' work achievement is associated with employees who earn sufficient performance allowance. Performance allowance has the same meaning as reward or compensation that is often called

appreciation.

Performance allowance has a significant influence on all other variables. Importantly, performance allowance has the largest loading factor. Based on the size of the loading factor of the four performance allowance indicators, three dimensions of performance allowance were identified, inter, the size of the allowance, the amount of incentive, occupational value, and class. In other words, the level of perception of employees about performance allowance should be reflected in either negative or positive responses on the three indicators.

Based on the descriptive analysis results, two relatively high indicators in accordance with the average ratio between them, the amount of allowance, and occupational value and class. Both indicators are good at measuring capturing performance allowance. This is because employees consider the performance allowance they receive in MRA is higher compared to in other government institutions. Moreover, performance allowance is also considered valuable and beneficial for retired employees. The variety of performance allowance is a form of fairness because it reflects differences in job tasks and responsibilities across jobs in MRA.

The amount of incentive and facility provided to the employees is low. The MRA needs a system that is transparent and provides equity in terms of incentive as well as budget additional. The distribution of facilities corresponding to the occupations can be improved by optimizing any plan that can

support labor activity. In MRA, performance allowance is a form of compensation given by the Government to civil servants based on completed activities and has been in place since 2014. Although this performance allowance is given periodically and represents 65% of the entire allocation, it is expected to serve as an important government incentive to motivate civil servant's satisfaction and performance. Giving performance allowance correctly may directly influence the employee motivation (Rokhimakhumullah, 2016), professionalism, wellbeing, and quality of public services (Nugroho et al., 2018). Nonetheless, to improve organizational performance and employee productivity, performance allowance administration should be tied to employee workload, capability, and competence. In other words, there should be a significant difference between performance allowances that employees with high and low productivity (Prendergast, 2002).

Human resource management and effective organization are also crucial in improving employees' performance (Kusumastuti, 2015). Improvement in organizational financial performance influences the allowance that employees receive. The adjustment in improving allowance is closely related to selective requirements of the performance allowance allocation system. It is reflected between the submission requirements, the result of the management control system, and the organization's internal control mechanism, which will then become a part of the organization's report to external parties. The submission re-

quirements will induce the change in a management control system, which in turn will contribute to improvement in the accountability of the organization (Sopp & Baumüller, 2012). Moreover, there is a need for a special committee on performance allowance that is charged with providing input and analysis of its impact on organizational culture, standards, and financial performance (Šilingienė et al., 2015).

There are four indicators that have a significant impact on work achievement. The initiative indicator has a strong impact on work achievement, which is reflected in the large loading factor on the indicator. High work achievement elevates employees' initiative. Other indicators include work quality, knowledge, and discipline. However, while initiative shows strong importance in work achievement, work quality, discipline, and knowledge return low factor loadings. That said, based on SEM results, employees' initiative level and work quality contribute most to work achievement in the MRA Lumajang regency.

Highly motivated employees have high work achievement. Work motivation and work achievement significantly contribute to employee motivation. This is in line with previous research on performance and motivation (Robbins & Mary, 2005; Zameer et al., 2014). High motivation is reflected in the elevated fulfillment of the employees' physiological needs such as the amount of salary or the convenience to receive a reward.

Nonetheless, the study finds that work mo-

tivation is not directly related to organizational performance. This is because employees' motivation directly influences their performance which then impacts organizational performance. This is contrary to Shahzadi et al. (2014) who found motivation to have a positive and significant influence on employee performance and Manzoor (2011) who found a positive association between employee motivation and organizational effectiveness.

The study finds that work motivation is not directly related to organizational performance. Employees' motivation influences work achievement which in turn impacts organizational performance. Nonetheless, research results showed no significant influence of work motivation on organizational performance. This is contrary to Shahzadi et al. (2014) and Manzoor (2011) who established a positive association between motivation and employees' performance and motivation and organizational effectiveness, respectively.

CONCLUSION AND RECOMMENDATION

The objective of this research was to analyze the relationships between performance allowance, motivation, work achievement, and organizational performance. Results showed that performance allowance, initiative, and work quality are associated with work achievement, while productivity and responsibility are associated with higher organizational performance. The research also found that work achievement had the most significant influence on organizational perfor-

mance. The implication is that enhancing work achievement enhances organizational performance.

Providing performance allowance has both direct and indirect influence on organizational performance through motivation and better work achievement. The implication is that if the size of the performance allowance is smaller than employee expectations, it has an adverse impact on motivation and work achievement, leading to reduced influence on organizational performance. Performance allowance and work motivation significantly influence work achievement and have an indirect impact on organizational performance.

Nonetheless, descriptive results showed that while average accountability level, responsibility, and service quality were high, employee work quality, employee knowledge, productivity were still low. To that end, there is a need to enhance work quality, productivity, and knowledge. This can be achieved through upskilling current employees through education and training, recruiting new employees with higher educational attainment and skills.

For better results, performance allowance administration should consider aspects of workload and the quality of employees. The size of the performance allowance should be commensurate with quality and productivity. Otherwise, paying similar amounts of performance allowance to employees with differing quality and productivity undermines organizational performance (Prendergast, 2002).

Human resource management is also cru-

cial for improving employee organizational performance (Kusumastuti, 2015). The same applies to improvement in the financial management of performance allowance. Improvement in the requirements that are needed in the performance allowance allocation system should lead to better relationships and connections between submission requirements, management control system, and the organization's internal control mechanisms (Sopp & Baumüller, 2012). Consequently, organizational accountability to external parties will be enhanced (Šilingienė et al., 2015).

There are two limitations of the study. First, the model does not include all the key factors that influence employee achievement and organizational performance. Future research may use several additional variables. Secondly, since the research focused on one organization, MRA office, Lumajang district, future research may use data from several local government offices to make results comparable. Thirdly another area for future research can be assessing the impact of performance allowance on the gap between target and actual employee performance.

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