

Linking Motivation and Incentives to Employee Performance With Supervision as a Moderating Variable (Case study on User Goods Managers of Regional Apparatus Organization)

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Abstract: This study aims to examine the linking of motivation and incentives with the role of supervision as moderating variable. The data in this study were obtained from the results of filling out the questionnaire of 60 respondents; all of the respondents are managers of user goods in the Regional Apparatus Organization of Pasuruan Regency. The data were analyzed using the Partial Least Square with the help of the Smart PLS program. The amount of contribution given by motivation to the performance of the regional apparatus was 44.6%. This study also found that incentives have a positive and significant effect on performance with the contribution was 41.5%. In this study, supervision can significantly moderate the effect of motivation on performance. Employees with high motivation and who are encouraged by good supervision will have excellent performance. The role of supervision as moderating variable the effect of incentives on performance also found significant. It means that supervision can strengthen the effect of incentives on performance. The provision of good incentives and encouraged by good supervision will create a better performance for user goods managers.

Keywords: Motivation, Incentives, Supervision, Employee Performance

Background

The advancement of information technology has resulted in government agencies or public organizations being required to be able to provide services that are easy, fast and transparency. An employee who has high performance can support the achievement of the goals and objectives of government agencies. Problems regarding performance are always faced by the management of government agencies; therefore management needs to know the factors that affect the performance of these employees.

Motivation means encouragement, the cause or reason for someone doing something. Motivation can be developed by finding the physical, security, mental, psychological, social and economic needs of employees in the work environment and creating conditions for meeting those needs. Incentives can be formulated as adequate remuneration for employees whose performance exceeds the predetermined standards. Incentives are a driving factor for employees to work better so that employee performance can increase. Hasibuan (2013: 118) argues that the notion of incentives is additional remuneration given to certain employees whose performance is above standard performance. This incentive is a tool used to support the fair principle in providing compensation.

In order for obtain a good performance of user goods managers, a supervisory role is needed from the leader of the Internal Control System, namely the head of the Regional Apparatus Organization. According to Comstock (1994), supervision is the act of supervising or directing the completion of work. The supervisor's ability to provide technical assistance and support to employee behavior will determine the quality and outcome of supervision. One form of supervision is mentoring which is defined as the process of forming and maintaining developing relationships that take place intensively from senior employees (mentors) and junior employees.

Performance is a person's activity in carrying out the main tasks assigned to him. The implementation of these duties and responsibilities is an expression of all the potential and abilities a person has and it needs a full and comprehensive ownership. Therefore, the appearance of a person's performance is the result of a job or task carried out within a certain period of time in accordance with the profession and job description of the individual concerned.

Law Number 9 of 2015 concerning Second Amendment to Law Number 23 of 2014 concerning regional governance is the basis for the dynamics of regional governance, especially in the areas of regional

government administration, rights and authorities, administrative, political, financial, and others. Local governments are given the authority to regulate and manage separate governance including in the planning, implementation and presentation of accountability reports. Local governments are required to prioritize the principles of accountability and transparency. Accountability is the responsibility for managing resources and implementing policies by local governments to the community. Meanwhile, transparency is the provision of open and honest information from local governments to the community. Therefore, the public has the right to know the implementation of regional government budgets and every time the budget is absorbed, the local government must also be able to be accountable for it. Local government accountability is presented in the format of Regional Government Financial Statements.

Local government financial reports not only provide information on financial resources, transactions and activities of various regional financial accounting activities, but also provide information on the measurement of economic transactions using units of money, as well as on regional property or regional assets. Therefore, one of the factors affecting the quality of the value of the financial statements is the value of regional assets or assets.

The problem with the Regional Property Report usually is related with the Inventory Report, which still contains errors in recording a transaction. Other problem is a delay in preparing the inventory report at the end of the year. This is due to many factors, namely the Responsibility Letter for disbursement that has not been received by the user goods manager until the end of the year which causes the user's goods manager to be unable to input the receipt of the goods. As a result, there will be a discrepancy with the Expenditure Realization Report at the end of the year, errors in inputting goods codes and shopping codes in the inventory application. In addition, there will be an error on the date the goods were issued before they were received, causing minus items on the inventory stock card. In addition, in several Regional Apparatus Organizations, there are still errors in the number of incoming / outgoing transfers of goods that do not match.

Problems regarding the management of assets that are not orderly according to the findings of the Supreme Audit Agency such as fixed assets that have not been supported by a list of items that are contained in the goods inventory card in several Regional Apparatus Organizations of Pasuruan Regency whose attributes are less informative, namely land on the card Inventory of Goods "A" is not equipped with an inappropriate location, use and area. In addition, the Goods Inventory Card "A" does not include ownership status and certificate number. In the Goods Inventory Card "B", namely equipment and machines are not equipped with a brand or type and adequate information. The Goods Inventory Card "C", namely Buildings, is not equipped with address information and location information, the building area is unreasonable and does not have status information and land registers. In the Goods Inventory Card "D", namely Irrigation Roads and Networks, it is not equipped with location information and information other than that it is not equipped with dimensions and area. Based on the some problems above, the purpose of this study is to investigate the effect of motivation and incentive of user goods managers on their performance with supervision as moderating variable.

Literature Review

Motivation

Motivation can be interpreted as a process of encouraging or influencing both individuals and work groups to be willing to do something that has been predetermined (Samsudin, 2010: 281). There are various terms in defining something that causes a person's behavior, such as motivation, urge, need, wish or drive (Winardi, 2011: 24). According to Luthans (2013: 260) motivation can be defined as a process that begins with a physiological definition that drives impulses or behaviors that aim to achieve goals and incentives. Meanwhile, according to Robbins & Judge (2008: 202), motivation is awareness in putting all the optimal efforts towards achieving the goals of the institution. With the right motivation, employees will want to work optimally to carry out tasks that will bring success to an institution in achieving the goals and objectives. Several researchers found that motivation has positive impact on performance (Safwan et al., 2014; Yuliantini et al., 2017; Resman, 2018)

Incentives

Hasibuan (2013: 118) argues that the notion of incentives is additional remuneration given to certain employees whose performance is above standard performance. This incentive is a tool used by managers in providing compensation. Furthermore, Hasibuan (2013: 159) states that incentives are a form of direct compensation. Incentives are direct rewards paid to employees because their performance exceeds the specified

standard. Related with organizational commitment, Yuliantini et al. (2017) found that incentives have a significant and positive impact on organizational commitment.

Supervision

Comstock (1994) stated that supervision is the act of supervising or directing the completion of work. Another important need is competent and fair supervision. The results of Kozlowski & Doherty (1989) study show that supervisors are the party closest to a person's work context because they reflect organizational culture or climate. In other words, supervisors have a direct influence on the behavior of their subordinates.

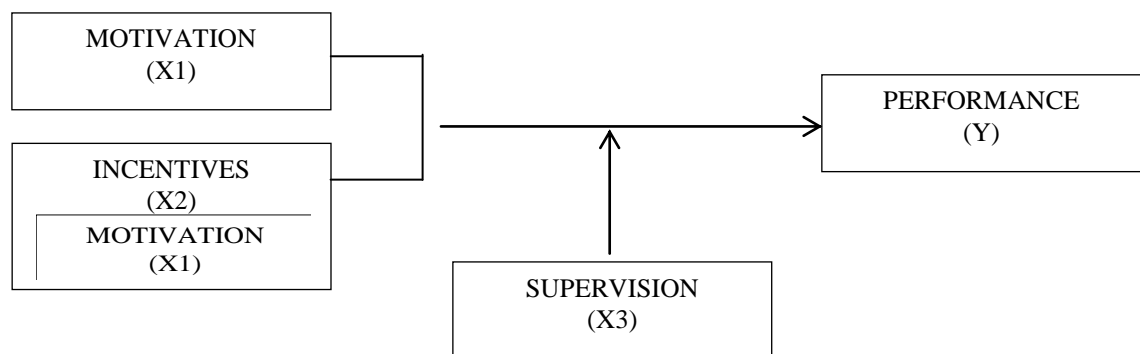
Employee Performance

According to Stoner (2006: 477), performance is the quantity and quality of work completed by individuals, groups or organizations. Likewise, the definition of performance according to Mangkunagara (2005: 22) is the work results both in quality and quantity achieved by a person in carrying out tasks according to given responsibilities. This theory emphasizes that performance is measured by the quantity of jobs and the quality of work produced. Based on the behavioral approach, performance is the quantity or quality of something produced or services provided by someone who does the job (Luthans, 2013: 165). The success of an organization in both the public and private sectors is greatly influenced by the performance of individual employees. In the public sector, especially in government, performance is an achievement achieved by government employees in providing services to the community in a period. Performance in the government sector is not only related to the number of inputs, processes, and outputs but also to the aspects of results, benefits, and impacts.

Conceptual Framework

The relationship between the variables in this study can be seen in the conceptual framework below.

Figure 1
Conceptual Framework



Based on the conceptual framework above, the hypothesis of this study can be defined as follows:

H1: There is a significant effect of motivation and incentives on performance of user goods managers

H2: There is a significant effect of motivation and incentives on performance of user goods managers with supervision as moderating variable.

Research Methodology

This research is a quantitative approach. More specifically, this study used explanatory type. Explanatory research explains the causal relationship between variables through hypothesis testing. The population of this study is all managers of user goods in the Regional Apparatus Organization in Pasuruan, totaling 65 people. This study uses census research to determine the sample. Census research is examining all elements in the research area to be used as samples, in other words, the researcher takes the entire population to become respondents in this study. This study used partial least square (PLS) with Smart PLS version 3.0 for analyzing the data. Partial Least Squares is a multivariate statistical technique that performs comparisons among multiple dependent and independent variables. Validity and reliability tests used outer model. Outer model defines how each indicator relates to its latent variable. The validity test was conducted to define the ability of

instruments to measure what should be measured. The reliability test is used to determine the consistency of respondents in answering items in questionnaires. This study also used convergent validity to measure the correlation between indicator score and variable score. The indicator is considered valid if all outer loading variable dimensions have a loading value > 0.5 (Chin & Todd, 1995).

To predict the causality relationship between latent variables, this study used structural model. Structural or inner model can be calculated through the bootstrapping process. The inner model is evaluated by looking at the value for the dependent variable using the Stone-Geisser Q-square test and also it can be seen at the magnitude of the structural path coefficient. If the value is greater than 0.2 it can be said that the latent predictor has a large impact at the structural level. The R-square in Partial Least Square model can be evaluated by looking at the Q-square (predictive relevance) for the variable. Q-square is used to measure how well the observed value generated by the model and also estimate its parameter.

Results

Validity and Reliability Tests

Based on the results of the PLS analysis, all indicators have a loading factor > 0.7 and the AVE value of all constructs has exceeded 0.5 which indicates that all indicators in each construct have met the required convergent validity criteria. The complete AVE value of each construct can be seen in the table below:

Table 1
Loading Factor Values and AVE

Variable	Indicator	Loading Factor	AVE	Validity
Incentives	IN_1	0,914	0,845	valid
	IN_2	0,902		valid
	IN_3	0,936		valid
	IN_4	0,924		valid
Performance	PERF_1	0,783	0,619	valid
	PERF_2	0,749		valid
	PERF_3	0,821		valid
	PERF_4	0,815		valid
	PERF_5	0,750		valid
	PERF_6	0,798		valid
Motivation	M_1	0,921	0,863	valid
	M_2	0,945		valid
	M_3	0,904		valid
	M_4	0,948		valid
	M_5	0,955		valid
	M_6	0,943		valid
	M_7	0,886		valid
Supervision	SUPERV_1	0,938	0,905	valid
	SUPERV_2	0,959		valid
	SUPERV_3	0,967		valid
	SUPERV_4	0,932		valid
	SUPERV_5	0,959		valid

Source: Primary data processed by the author, 2020

Based on the results in the table above, the AVE value of all constructs, both dimensions and variables, has exceeded 0.5 which indicates that all indicators in each construct have met the required convergent validity criteria.

The results of the discriminant validity test show that all constructs have a square root value of AVE above the correlation value with other latent constructs so that it can be concluded that the model has met the discriminant validity. The discriminant validity can also be seen from the cross loading value of each indicator against the construct, the indicator is declared to meet the criteria of discriminant validity if the cross loading of the indicator on the construct is higher than the cross loading value of the indicator against other constructs. Table 2 below shows the cross loading of all indicators.

Table 2
Cross Loading

	INCENTIVES	PERFORMANCE	MOTIVATION	SUPERVISION
IN_1	0.914	-0.552	0.597	0.777
IN_2	0.902	-0.520	0.558	0.744
IN_3	0.936	-0.534	0.620	0.779
IN_4	0.924	-0.404	0.519	0.671
PERF_1	-0.497	0.783	-0.533	-0.658
PERF_2	-0.423	0.749	-0.444	-0.535
PERF_3	-0.576	0.821	-0.527	-0.634
PERF_4	-0.351	0.815	-0.582	-0.588
PERF_5	-0.330	0.750	-0.471	-0.519
PERF_6	-0.412	0.798	-0.470	-0.545
M_1	0.574	-0.577	0.921	0.804
M_2	0.667	-0.595	0.945	0.909
M_3	0.565	-0.634	0.904	0.844
M_4	0.613	-0.619	0.948	0.881
M_5	0.592	-0.606	0.955	0.866
M_6	0.603	-0.515	0.943	0.855
M_7	0.475	-0.622	0.886	0.795
SUPERV_1	0.840	-0.683	0.829	0.938
SUPERV_2	0.694	-0.692	0.915	0.959
SUPERV_3	0.819	-0.701	0.885	0.967
SUPERV_4	0.666	-0.744	0.890	0.932
SUPERV_5	0.857	-0.705	0.836	0.959

Source: Primary data processed by the author, 2020

Based on the table above, loading value of all indicators of incentives are higher than loading value of all indicators of performance, motivation, and supervision. The loading factor values of indicators of performance are also higher than that value of incentives, motivation, and supervision. The values of indicators of motivation are also higher than that of incentives, performance, and supervision. Finally, the loading factors of supervision's indicators are also higher than that of incentives, performance, and motivation.

The reliability of the constructs can be assessed from the value of Cronbachs Alpha and the Composite Reliability value. The recommended composite reliability and Cronbachs alpha value is higher than 0.7. Table 3 below shows the result of the composite reliability.

Table 3
Composite Reliability

	Cronbach's Alpha	Composite Reliability
INCENTIVES	0.939	0.956
PERFORMANCE	0.877	0.907
MOD_INCENTIVES	1.000	1.000
MOD_MOTIVATION	1.000	1.000
MOTIVATION	0.973	0.978
SUPERVISION	0.974	0.979

Source: Primary data processed by the author, 2020

The reliability test results in the table above show that all constructs have a composite reliability value of > 0.7 and Cronbachs alpha > 0.7 which indicates that all constructs have met the required reliability. For the goodness of fit model of this study can be seen in the table 4 below.

Table 4
Goodness of fit model

Criteria GOF	Saturated Model	Estimated Model
SRMR	0.065	0.065

Source: Primary data processed by the author, 2020

The results of goodness of fit test in the table above show that the SRMR value in the estimated model is 0.065. Because the SRMR model value is good in the estimated model below 0.10, the estimated model in this study is declared perfect fit so it is feasible to use it to test the research hypothesis.

Hypotheses Test

For hypotheses testing, it can be used the inner model test. Because the research hypothesis is a one-way hypothesis, the exogenous variables have a significant effect on endogenous variables if the P value < 0.05 and t count > 1.65 . Table 5 below is the result of inner model.

Table 5
Inner Model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
IN -> PERF	0.415	0.411	0.149	2.788	0.003
MOD_IN -> PERF	0.313	0.289	0.125	2.512	0.006
MOD_M -> PERF	0.387	0.373	0.209	1.854	0.032
M -> PERF	0.446	0.433	0.219	2.031	0.021
SUPERV -> PERF	-0.793	-0.787	0.395	2.009	0.023

Source: Primary data processed by the author, 2020

Based on the table 5 above, it can be explained as follow:

1. The p value of the influence of motivation on performance ($M \rightarrow PERF$) is 0.021 and the T value is 2.031 with a path coefficient of 0.446. Because the p value < 0.05 and T value > 1.65 and the positive path coefficient, it can be concluded that motivation has a positive and significant effect on performance. This shows that the higher the motivation of the user's goods management, the higher the performance, and vice versa. The amount of contribution given by motivation to the performance of user goods management is 44.6%. Therefore, hypothesis 1 is accepted.
2. The p value of the effect of incentives on performance ($IN \rightarrow PERF$) is 0.003 and the T value is 2.788 with a path coefficient of 0.415. Because the p value < 0.05 and T value > 1.65 and the positive path coefficient, it is concluded that the incentive has a positive and significant effect on performance. This shows that the better the incentives for managing user goods, the higher the employee's performance,

and vice versa. The amount of contribution given by the incentive to the performance of user goods management was 41.5%. It can be concluded that hypothesis 2 is accepted.

3. P value for moderating effect of the supervision on the influence of motivation on performance (MOD_M \rightarrow PERF) is 0.032 with a T value of 1.854 and a positive path coefficient of 0.387. Because of the p value < 0.05 and T value > 1.65, so that supervision in strengthening the influence of motivation on performance is significant. Employees with high motivation and encouraged by good supervision will have excellent performance. It means that hypothesis 3 is accepted.
4. The p value moderating effect of supervision on the influence of incentives on performance (MOD_IN \rightarrow PERF) is 0.006 with a T value of 2.512 and a positive path coefficient of 0.313. Because of the p value < 0.05 and T value > 1.65, so that supervision in strengthening the effect of incentives on performance is significant. Giving good incentives and encouraged by good supervision will create an excellent performance for user goods management. Therefore, hypothesis 4 is accepted.

In Partial Least Square analysis, the coefficient of determination attached to endogenous variables shows the influence of all exogenous variables on endogenous variables. The coefficient of determination ranges from 0 to 1 or 0 - 100%, the higher the coefficient of determination of the model, the greater the influence of all exogenous variables on the endogenous. In a model with 1 exogenous variable, the coefficient of determination is indicated by the value of R square (R^2), while for models with more than 1 number of exogenous variables, it is indicated by the adjusted R Square (R^2) value. Table 6 shows the result of coefficient determination of this study.

Table 6
Coefficient Determination

	R Square (R^2)	R Square Adjusted
PERFORMANCE	0.625	0.590

Source: Primary data processed by the author, 2020

Based on the coefficient of determination in the table above, the adjusted R square (R^2) value of the performance variable is 0.590. This shows that the 59% variance in the performance of user goods managers is influenced by motivation, incentives and the supervision, while the remaining 41% of the variance in the performance of user goods managers is influenced by other factors outside of motivation, incentives and the supervision.

Conclusion

Statistical results show that motivation has a positive and significant effect on performance. It can be interpreted if the manager of user goods combines intrinsic motivation (recognition of job creation, responsibility and experience) and extrinsic motivation (salary, promotion, profit and work environment) as indicators of motivation with material incentives (incentives received according to expectations and providing incentives to motivate employees' work) and non-material incentives (award and praise certificates) as incentive indicators, will have a positive and significant effect on improving the performance of user goods management. The results of this study are also in accordance with the books / research written by Stonner (1996) as well as research by Lubis (2008), Murti & Hudiwinarsih (2012), Safwam & Abdullah (2014), Suparno & Sudarwati (2014) which stated that motivation has a significant effect on employee performance.

This study found that incentives have positive and significant impact on employee performance. It means that providing incentives will be feedback made by an agency, so that employees feel more enthusiastic about completing work. In addition, providing incentives will make employees more responsible for their work so that the objectives of the institution can be realized as expected. Rewards are given to motivate workers / members of the organization so that work motivation and performance are high, not permanent or occasional. Incentives consist of equal distribution incentives, which are given to all employees / members of the organization without differentiating one another, for example, holiday allowances and performance-based incentives, which are given to workers with high work performance.

This study also found that the role of supervision in strengthening the influence of motivation and incentives on performance is significant. Employees with high motivation and encouraged by good supervision will have excellent performance. Giving good incentives and encouraged by good supervision will create an

excellent performance for user goods management. The role of supervision variable can strengthen the relationship between motivation and incentives on performance. The synergy of motivation and incentives will provide optimal performance results for user goods managers in Pasuruan Regency.

Based on the results of data analysis, it can be concluded that motivation has a positive and significant effect on performance. Incentives have a positive and significant effect on performance. The role of supervision can significantly moderate the influence of motivation on performance. The role of supervision can significantly moderate the effect of incentives on performance.

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