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RESEARCH ARTICLE

EFFECT OF EMPLOYEE INTEGRITY AND FINANCIAL COMPENSATION TO EMPLOYEE PERFORMANCE IN EDUCATION AND EDUCATIONAL LEADERSHIP AT EAST JAVA PROVINCIAL TRAINING AND EDUCATION AGENCY.

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Abstract

The purpose of this study is to analyze and prove the influence of employee integrity and financial compensation on the performance of employees in the implementation of Education and Leadership Training at East Java Provincial Training and Training Agency. This type of research is explanatory research (explanatory research). The location of the research was conducted in East Java Province Training and Training Agency. Time of study in January-February 2018. Population and samples in this study seems to the employees which involved in the implementation of Leadership Training Level III and IV in the environment of Training of East Java Province, which amounted to 40 people. Sampling technique of this research using total sampling. The results showed that employee integrity variables partially have a significant effect on the performance of existing employees in East Java Provincial Training and Training Agency. Financial compensation variables partially have a significant effect on the performance of existing employees in East Java Provincial Training and Training Agency. Employee integrity and financial compensation variables simultaneously have a significant influence on the performance of existing employees at the Provincial Training Board of East Java

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Introduction:-

Public servant is an element of state apparatus, state servant and public servant who with loyalty and obedience to Pancasila and the 1945 Constitution, state and government, performs governmental and development duties (Basic Human Resources Law No. 43 Year 1999). Civil servants are the organs of the course of a government. When inside the organ there is a chronic disease, than the whole government will be disturbed. In essence the role of civil servants is vital in a country. If this civil servant works with integrity, then this country will rise. If this civil servant prioritizes the interests of the nation above personal interests, then this country will become one of the counted countries. The country is full of smart people, but few have integrity.

In addition to integrity, the factor that affects employee performance is the financial compensation received by the employee. Financial compensation is often a factor in meeting the needs of employees. Appropriate financial compensation and in accordance with the expectations of employees are expected to be a driver of motivation in work and improve employee performance.

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In general, the performance of employees from the East Java Provincial Training and Training Agency is quite good, it is shown from the motivation of work and employee care in doing the job that are the responsibility. The performance of employees of the East Java Provincial Training and Training Board can be seen from the performance of institutions that have increased each year. Although the performance of employees of East Java Provincial Training and Training Board is declared good, it does not mean there are no problems related to employee performance.

This study also refers to previous research conducted by Riansari et al. (2012) and Niode (2011), the empirical findings indicate that the compensation provision system comprises local performance benefits (TKD), promotion, self-development, entry and facilities, directly positively performance of local government apparatus.

The purpose of this study is to analyze and prove the influence of employee integrity and financial compensation on the performance of employees in the implementation of Education and Leadership Training at East Java Provincial Training and Training Agency.

Theoretical Study:-

Employee Performance:-

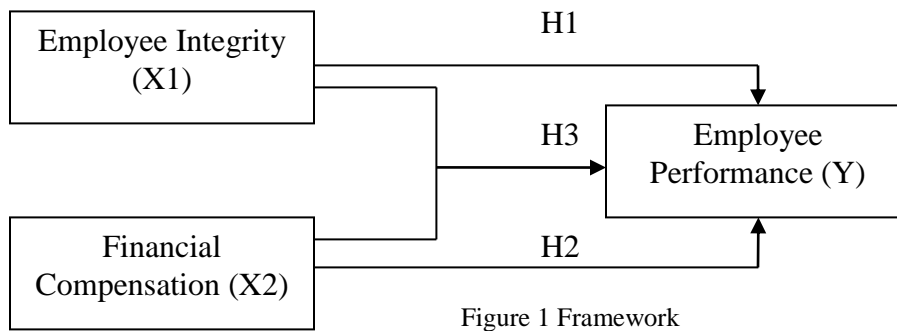
Levinson in Marwansyah (2010: 229), defines performance or performance is the achievement or achievement of a person with regard to the tasks assigned to him. Performance reflects how well employees meet the requirements of a job. Many indicators are used to measure employee performance, one of which is the theory put forward by Gomes (2003: 142), where there are several indicators that measure the performance of employees as follows: quantity of work, quality of work, job knowledge, creativity (creativeness), cooperation, dependability, initiative, quality of personnel (personal qualities).

Employee Integrity:-

The word integrity in everyday life is often heard, in the narrow sense of integrity can mean honesty. But broadly, the word integrity has the meaning of being obedient to the rules, upholding good values, principles, and principles. A person of integrity will have a character that will reflect a person's good name, integrity will be at stake in a particular position. Integrated ASN (*government employees*) also has a commitment to continue to do the best, at a higher level ASN with integrity will invite others around it to always adhere to the rules and codes of conduct that must be maintained. In contrast, a non-integrity ASN will do without considering the negative impact and honor of its institutional name, daring to crash the rules and codes of conduct that should be maintained. Seeing conditions like this now, it's time every individual always maintain integrity. Great and dignified nation is a nation that has good integrity, willing to sacrifice for the benefit of nation and state. Fully integrity ASN is an ASN that upholds honesty, always obeys the rules, maintains a code of ethics, upholds noble values, and does not sell names of titles and institutions for personal gain.

Financial Compensation:-

Mondy (2008: 442), interpreting compensation is the total reward received by employees in lieu of services already provided to the organization. Raymond et al. (2008: 76), in the translation, compensation forms as well as satisfactory reward criteria, including: financial compensation, which is differentiated in two ways: direct and indirect financial compensation. Direct financial compensation consists of payments received by a person in the form of wages, salaries, and commissions. Indirect financial compensation is also called allowance, which is included in this program is all financial rewards given to employees but employees must first do something. Forms of benefits include: insurance, social benefits, payments for absences covering holiday leave, sick leave, and so forth.

Framework:-**Hypothesis:-**

Based on the framework above, then the hypothesis of this study are as follows:

1. Employee Integrity has a significant effect on the performance of employees in the implementation of Education and Leadership Training at East Java Provincial Training and Training Agency.
2. Financial compensation has a significant effect on the performance of employees in the implementation of Education and Leadership Training at East Java Provincial Training and Training Agency.
3. Employee integrity and financial compensation simultaneously have a significant effect on employee performance in organizing Leadership Education and Training at East Java Provincial Training and Training Board.

Methodology:-

This type of research is a research that explains the causal relationship between variables or the so-called explanatory research (explanatory research). The location of the research was conducted in East Java Province Training and Training Agency. The population in this study are employees who are involved in the implementation of Leadership Training Level III and IV in the environment of Training of East Java Province, which amounted to 40 people. The number of samples used in this study is the same as the total population of 40 people. Sampling technique of this research using total sampling. Analytical techniques used are multiple linear regression analysis, t test, F test and coefficient of determination analysis.

Result And Discussion:-**Validity Test:-**

Validity test is used to determine feasible and valid questions. The decision criterion is to compare corrected item - total correlation (r_{count}) with r_{table} value that is $df = n-2 = (40-2) = 38$ obtained $r_{table} = 0,310$. If the corrected item - total correlation is greater than r_{table} (0.310) then the indicator is valid and vice versa.

Table:-Validity Test Results

Variabel	Indicator	r count	r tabel	Status
Integrity of employees	X1_1	0.465	0.310	Valid
	X1_2	0.610	0.310	Valid
	X1_3	0.568	0.310	Valid
	X1_4	0.458	0.310	Valid
Financial compensation	X2_1	0.378	0.310	Valid
	X2_2	0.625	0.310	Valid
	X2_3	0.636	0.310	Valid
	X2_4	0.783	0.310	Valid
	X2_5	0.849	0.310	Valid
	X2_6	0.692	0.310	Valid
	X2_7	0.521	0.310	Valid
Employee Performance	Y_1	0.513	0.310	Valid
	Y_2	0.499	0.310	Valid
	Y_3	0.656	0.310	Valid
	Y_4	0.575	0.310	Valid

	Y_5	0.548	0.310	Valid
	Y_6	0.575	0.310	Valid
	Y_7	0.680	0.310	Valid
	Y_8	0.500	0.310	Valid

Based on the validity test showing employee integrity questions (X1), financial compensation (X2), and employee performance (Y) are all declared valid. It is marked with corrected item - total correlation ($r_{\text{count}} > r_{\text{table}}$) (0.310).

Reliability Test:-

A variable is said to be reliable if it gives a cronbach alpha value > 0.6 . Based on the reliability test shows that the value of cronbach alpha for employee integrity variable is 0.727; for financial compensation variable of 0.865; and employee performance variable equal to 0,835; because the value of cronbach alpha $>$ from 0.6; then the employee integrity variable is declared reliable.

Multiple Linear Regression Analysis:-

Table 2:-Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.008	4.484		2.232	.032
	Integrity of employees	.735	.294	.370	2.499	.017
	Financial compensation	.385	.158	.360	2.436	.020

a. Dependent Variable: Employee performance

From the table above can be explained as follows:

$$Y = 10,008 + 0,735X_1 + 0,385X_2$$

1. $a = 10,008$; shows the magnitude of employee performance before it is affected by employee integrity (X1) and financial compensation (X2).
2. $b_1 = 0,735$; employee integrity variable has an effect of 0.735 to improve employee performance.
3. $b_2 = 0,385$; the financial compensation variable has an effect of 0.385 to increase employee performance.

Partial Test (t test):-

Based on Table 2 the result of t_{count} value is 2,449 and t_{table} is 2,026 then ($t_{\text{count}} > t_{\text{table}}$). Then from the significant level of 0.017 is smaller than 0.05 ($0.017 < 0.05$) then H_0 is rejected and H_1 is accepted. This means that for employee integrity variable partially have a significant effect on employee performance. For the financial compensation variable the value of t_{count} is 2,436 and t_{table} is 2,026 then ($t_{\text{count}} > t_{\text{table}}$). Then from the significant level of 0.020 is smaller than 0.05 ($0.020 < 0.05$) then H_0 is rejected and H_1 is accepted. This means that for the financial compensation variable partially has a significant effect on employee performance.

Simultaneous Testing (F Test):-

Based on the above table it can be explained that the magnitude of F_{count} : 12,448 and F_{tabel} : 3.25; means $F_{\text{count}} > F_{\text{tabel}}$ at the error rate of 5%, the magnitude is significant (profitability) $0.000 < 0.05$ ($\alpha = 5\%$) then H_0 is rejected and H_1 accepted. The conclusion is that employee integrity variables (X1), and financial compensation (X2) together affect employee performance (Y).

Determination Coefficient Analysis (R^2):-

Table 3:-Determination Coefficient Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.634 ^a	.402	.370	2.70950

a. Predictors: (Constant), Financial compensation, Integrity of employees

For determination coefficient analysis is 0.402 means the change of employee performance can be explained by change of employee integrity variable (X₁) and financial compensation (X₂) together 40.2%. While the rest that is equal to 59.8% influenced by other variables outside the variables studied.

Discussion:-

Effect of Employee Integrity on Employee Performance:-

The results of this study indicate that for employee integrity variables have a t_{count} of 2.499 and t_{table} 2.026 then ($t_{count} > t_{table}$). Then from a significant level of 0.017 is smaller than 0.05 ($0.017 < 0.05$). This means that for the variable of employee integrity partially have a significant influence on the performance of existing employees at the Training Board of East Java Province.

The results of this study can be interpreted that the higher the integrity of the employee, the performance of employees in the implementation of leadership training in the Provincial Training Board of East Java is also getting better, and vice versa. The results of this study also shows that the integrity of employees is considered good enough or high in carrying out duties and responsibilities. High enough integrity from within the employees has been followed by a good enough performance or good in organizing leadership training.

The Effect of Financial Compensation on Employee Performance:-

The results of this study indicate that for the financial compensation variable has a t_{count} of 2.436 and t_{table} of 2.026 then ($t_{count} > t_{table}$). Then from the significant level of 0.020 is smaller than 0.05 ($0.020 < 0.05$). This means that for the financial compensation variable partially have a significant effect on the performance of existing employees in the East Java Provincial Training and Training Agency.

The results of this study can be interpreted that the higher the value of financial compensation received by employee hence the performance of employees in the implementation of leadership training in East Java Provincial Training and Training Board is also getting better, and vice versa. The results of this study show that the financial compensation received by employees is considered feasible and comparable with the duties and responsibilities.

Effect of Employee Integrity and Financial Compensation on Employee Performance:-

The results of this study indicate the variables of employee integrity and financial compensation simultaneously have a significant effect on the performance of existing employees in East Java Provincial Training and Training Agency. The results of this study can be interpreted that the higher the value of integrity and financial compensation owned and accepted by employees, the performance of employees in the implementation of leadership training in East Java Provincial Training and Training Board is also getting better, and vice versa.

Conclusion:-

From the description of the previous chapter, it can be concluded as follows:

1. Employee integrity variable partially have a significant influence on the performance of existing employees at the East Java Provincial Training and Training Agency. The results of this study also shows that the integrity of employees is considered good enough or high in carrying out duties and responsibilities.
2. Financial compensation variables partially have a significant effect on the performance of existing employees in East Java Provincial Training and Training Agency. The results of this study show that the financial compensation received by employees is considered feasible and comparable with the duties and responsibilities.
3. Employee integrity variable and financial compensation simultaneously have a significant influence on employee performance in East Java Province Training Board.

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