

The Influence of Competency and Compensation on Employee Performance at the Bima City Cooperatives, Industry and Trade Department

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Abstract

This study investigates the impact of competency and compensation on employee performance at the Bima City Cooperatives, Industry, and Trade Department. The research aims to determine: 1) if competency significantly influences employee performance, 2) if compensation significantly influences employee performance, and 3) if both competency and compensation simultaneously influence employee performance. An associative research design was employed, utilizing data collection methods such as interviews, observations, questionnaires, and literature reviews. The data were analyzed using various statistical tests including validity and reliability tests, classical assumption tests, multiple linear regression analysis, correlation coefficient analysis, coefficient of determination, and t-tests (partial) and F-tests (simultaneous). The findings reveal that competency significantly influences employee performance at the Bima City Cooperatives, Industry, and Trade Department. Similarly, compensation significantly affects employee performance. Moreover, competency and compensation together have a significant impact on employee performance. These results suggest that the Bima City Cooperatives, Industry, and Trade Department should focus on enhancing competencies related to knowledge and skills, as well as providing adequate compensation and facilities to motivate employees to perform better. The study recommends that future research consider additional variables such as work training and motivation, which were not included in this study. By addressing these factors, the department can further improve employee performance and achieve organizational goals more effectively.

1. Introduction

The Department of Industry, Trade, Cooperatives, and MSEs has the task of assisting the mayor or head of the area in carrying out government affairs in the fields of industry, trade, cooperatives, and small and medium-sized businesses, as well as providing other necessary assistance.

Employee competence is considered increasingly important because human resources are valuable assets for any organization and determine its success in achieving its objectives. According to Armstrong, competence is the dimension of action from an assignment, where the actions used by employees allow them to complete their tasks satisfactorily and provide varying levels of performance. In their jobs, every employee naturally possesses competencies that can be relied upon. Competence serves as a provision and capital for employees to work professionally and must be continually sharpened to contribute to the organization's progress (Moeheriono in Wati, 2020).

In facing the rapid technological developments of today, companies and organizations are also required to have superior human resources with competencies that match the current era. Organizations must prepare to play a bigger role in managing human resources, especially in terms of readiness to meet required competency standards. This preparedness will support smooth operations in various functions (Wati, 2020).

Compensation is also very important for organizations to consider because it is closely related to employee morale. To increase the efficiency and effectiveness of government agencies, particularly employee performance, compensation is necessary. By providing financial and non-financial compensation, civil servants can be motivated to work well and with full enthusiasm to achieve maximum results. The provision of compensation is confirmed by RB Ministerial Regulation No. 6 of 2022 concerning the management of civil servant performance, which requires all ASN to quickly adapt to preparing employee

performance targets (SKP). This regulation also adjusts ASN performance behavior to align with the core values of service orientation, accountability, competence, harmony, loyalty, adaptability, and collaboration.

Financial and non-financial compensation is one of the external factors influencing efforts to enhance employee performance. Allowances are one form of compensation or reward for performance, including salaries, wages, incentives, bonuses, and other forms of income apart from money, given to employees to boost their enthusiasm and work achievements. This can, in turn, improve employee performance. This statement is supported by Law No. 5 of 2014 concerning Civil Servants (ASN), which states that they have the right to receive fair and decent salaries according to their workload, responsibilities, and job risks, as well as social guarantees like compensation.

Employee performance measures how human resources within an organization function. According to Moeheriono (in Wati, 2020), performance is the result achieved by an individual or group within an organization, both quantitatively and qualitatively, in accordance with their authority and duties, without violating laws and ethics. The potential for good human resources is a determinant of organizational success. Achieving the best performance requires purposeful human resource management through policies that align the interests of both employees and the organization. Additionally, good employee performance comes from awareness and sincerity in fulfilling their duties and responsibilities (Wati, 2020).

The Bima City Cooperatives, Industry, and Trade Service is a government institution that plays a role in fostering, facilitating, promoting, and empowering MSMEs, with the aim of increasing public capacity in developing MSMEs through coaching. Given these tasks, the Department of Cooperatives, Industry, and Trade of Bima City also requires capable civil servants to improve competencies to achieve common goals.

Based on initial observations at the Department of Cooperatives, Industry, and Trade of Bima City, it was found that some employees still have limited knowledge and skills, such as proficiency in using computers as a work medium, motivation, and enthusiasm in carrying out tasks, and effectiveness in

communication. Additionally, compensation is also important for organizations to consider because it is closely related to employee morale. If compensation is supportive, it will positively influence employee performance, as regulated by PP No. 30 of 2019 concerning the evaluation of civil servant performance. This regulation outlines the weight of performance evaluations, which can include 70% for SKP assessment and 30% for work behavior evaluation, or 60% for SKP assessment and 40% for other evaluations.

Furthermore, based on observations regarding non-financial compensation, it was found that facilities such as air conditioning and fans are lacking, office arrangements are cramped, and many ASN employees do not have departmental vehicles. Additionally, at the Bima City Cooperatives, Industry, and Trade Service office, there are performance issues where employees are found chatting during working hours, causing assigned tasks to not be completed on time.

Based on the background outlined above, the researcher is interested in conducting a study titled "The Influence of Competency and Compensation on Employee Performance at the Bima City Cooperatives, Industry, and Trade Department."

2. Research Methods

This research is associative, aiming to determine the relationship between two or more variables. Associative research helps build theories to explain, predict, and control phenomena (Sekaran in Nugroho, 2019). This study aims to determine the influence of competency and compensation on employee performance at the Bima City Cooperatives, Industry, and Trade Department. The instrument used in this research is a questionnaire, which includes written statements related to variable indicators, utilizing a Likert scale with the following weights: strongly agree = 5, agree = 4, neutral = 3, disagree = 2, and strongly disagree = 1.

The population includes all 80 employees at the Bima City Cooperatives, Industry, and Trade Office, consisting of 45 ASN employees, 29 honorary employees, and 6 cooperative and MSME assistance employees. Using purposive sampling, the research sample consists of 45 ASN employees. The research was conducted at the Department of Cooperatives, Industry, and Trade of Bima City, located at JL. Duku No. 1

North Rabangodu, District Raba, Bima City.

Data collection techniques include interviews, observations, questionnaires, and literature studies. Interviews are used to identify problems and gain in-depth information from informants (Sugiyono in Utami, 2021). Observations involve direct observation at the research location. Questionnaires are lists of questions given to respondents to obtain necessary data. Literature studies involve reviewing previous research journals and books for theoretical references. Data analysis utilizes SPSS version 26, with the following techniques:

1. Validity Test: Measures whether the questionnaire is valid, with a minimum correlation requirement of $r = 0.300$ (Ghozali in Hidayat, 2017).
2. Reliability Test: Determines if the questionnaire is reliable, with Cronbach's Alpha ≥ 0.6 considered reliable (Hartanto, 2014).
3. Classical Assumption Test: Includes the normality test to assess if data distribution is normal, multicollinearity test to check the relationship between independent variables, heteroscedasticity test to test

variance inequality in residuals, and autocorrelation test to analyze correlation between variables over time.

4. Multiple Linear Regression Analysis: Analyzes the linear relationship between independent variables ($X_1, X_2, \dots, X_n$) and the dependent variable (Y). The equation is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

- a. Correlation Coefficient Analysis: Determines the relationship strength between variables.
- b. Coefficient of Determination: Measures the variation in the dependent variable explained by independent variables.
- c. t Test (Partial): Tests the partial effect of each independent variable on the dependent variable (Sugiyono in Batubara, 2021).
- d. F Test (Simultaneous): Tests the combined effect of independent variables on the dependent variable.

3. Results and Discussion

3.1 Results Research

a. Validity test

Table 2. Validity Test Results

Variable Name	Item No	Validity Value	Standard Validity	Information
Competency (X1)	1	0.825	0.300	Valid
	2	0.748	0.300	Valid
	3	0.641	0.300	Valid
	4	0.627	0.300	Valid
	5	0.670	0.300	Valid
	6	0.448	0.300	Valid
	7	0.425	0.300	Valid
	8	0.592	0.300	Valid
	9	0.497	0.300	Valid
	10	0.629	0.300	Valid
	11	0.675	0.300	Valid
	12	0.476	0.300	Valid
	13	0.563	0.300	Valid
	14	0.645	0.300	Valid
	15	0.678	0.300	Valid
Compensation (X2)	1	0.713	0.300	Valid
	2	0.828	0.300	Valid
	3	0.780	0.300	Valid
	4	0.786	0.300	Valid
	5	0.868	0.300	Valid
	6	0.780	0.300	Valid
	7	0.800	0.300	Valid
	8	0.711	0.300	Valid
	9	0.755	0.300	Valid
	10	0.771	0.300	Valid
	11	0.843	0.300	Valid

Employee Performance (Y)	12	0.851	0.300	Valid
	1	0.701	0.300	Valid
	2	0.761	0.300	Valid
	3	0.641	0.300	Valid
	4	0.728	0.300	Valid
	5	0.714	0.300	Valid
	6	0.638	0.300	Valid
	7	0.372	0.300	Valid
	8	0.714	0.300	Valid
	9	0.722	0.300	Valid
	10	0.724	0.300	Valid
	11	0.679	0.300	Valid
	12	0.784	0.300	Valid
	13	0.709	0.300	Valid
	14	0.786	0.300	Valid
	15	0.736	0.300	Valid

Data Source: Primary Data Processed by Spss v26, 2024

Table 2 above shows the results of testing the level of validity of each statement item contained in the research instrument, so that it is known that the statements proposed in the research on the Competency (X1), Compensation (X2), and Employee

Performance (Y) variables show that all items are valid, because they are above the standard validity value of $r_{calculated} > r_{table}$, namely 0.300.

b. Reliability Test

Table 3. Reliability Test Results

Reliability Statistics			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
COMPETENCY (X1)	,871	,879	15
Reliability Statistics			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
COMPENSATION (X2)	,944	,946	12
Reliability Statistics			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
EMPLOYEE PERFORMANCE (Y)	,907	,925	15

Source : Processed Primary Data Spss v26, 2024

Based on table on showing variable Competency (X1), Compensation (X2), and Employee Performance (Y) obtained mark *Cronbach's Alpha* > 0.600 then can concluded that all over variable above is valid and

reliable.

c. Classic Assumption Test

1) Normality test

**Table 4. Normality Test Results
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residuals
N		45
Normal Parameters a, b	Mean	.0000000
	Std. Deviation	5.46379279
Most Extreme Differences	Absolute	.086
	Positive	.060
	Negative	-.086
Statistical Tests		.086
Asymp. Sig. (2-tailed)		.200 c,d

Source : Primary data processed SPSS v26, 2024

Based on table on is known that mark Asymp . Sig. (2-tailed) of 0.200. This matter showing that $0.200 > 0.05$ then can concluded

that data normally distributed .

2) Multicollinearity Test

Table 5. Multicollinearity Test Results

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
1 (Constant)	2,684	9,570			
COMPETENCE	,671	.153	,510	,933	1,072
COMPENSATION	,315	.106	,346	,933	1,072

a. Dependent Variable: PERFORMANCE_PERFORMANCE

Data Source: Primary Data processed by Spss v26, 2024 multicollinearity.

Based on the table above, it shows that all variables obtained *Tolerance values* > 0.10 and *VIF* < 10.00 , it can be concluded that all the variables above do not have symptoms of

3) Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
1 (Constant)	2,684	9,570		,781
COMPETENCE	,671	.153	,510	,000
COMPENSATION	,315	.106	,346	,005

a. Dependent Variable: PERFORMANCE_PERFORMANCE

Data Source: Primary Data processed by Spss v26, 2024 no symptoms of Heteroscedasticity.

Based on the results above shows that the Competency and Compensation variables have a *Sig value* > 0.05 , meaning that there are

4) Autocorrelation Test

Table 7. Autocorrelation Test Results

Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,687 ^a	,472	,446	5.59237	1,969

a. Predictors: (Constant), COMPENSATION, COMPETENCY

b. Dependent Variable: PERFORMANCE_PERFORMANCE

Data Source: Primary Data processed by Spss v26, 2024

Diket :

d = 1.969

dU = 1.666

4-dU = $4 - 1.666 = 2.334$

Based on the table above shows that dU <

$d < 4 - dU$ or $1.666 < 1.969 < 2.334$, then the null hypothesis is accepted, which means that there is no autocorrelation.

d. Multiple Linear Regression Analysis

Table 8. Analysis Results Multiple linear regression

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	2,684	9,570	
COMPETENCE	,671	.153	,510
COMPENSATION	,315	.106	,346

a. Dependent Variable: PERFORMANCE_PERFORMANCE

Source : Primary data processed SPSS v26, 2024

From the results of the regression analysis, it can be seen that the multiple regression equation is as follows:

$$Y = a + b_1.X_1 + b_2.X_2 \\ = 2.684 + 0.671.X_1 + 0.315.X_2 + e$$

Based on this equation, it can be explained as follows:

- A constant value of 2.684 can be interpreted as if the Competency (X1) and Compensation (X2) variables are considered zero, then Employee Performance will be 2.684.
- The beta coefficient value for the Competency variable is 0.671, meaning that every change in the Competency variable (X1) by one unit will result in a change in

Employee Performance (Y) of 0.671 units, with the other assumptions being constant. A one unit increase in the Competency variable will reduce Employee Performance by 0.671 units.

- The beta coefficient value for the Compensation variable is 0.315, meaning that every change in the Compensation variable (X2) by one unit will result in a change in Employee Performance (Y) of 0.315 units, with the other assumptions being constant. A one unit increase in the Compensation variable will reduce Employee Performance by 0.315 units.

1) Correlation Coefficient Analysis

Table 9. Analysis Results Coefficient Correlation

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,687 ^a	,472	,446	5.59237
a. Predictors: (Constant), COMPENSATION, COMPETENCY				

Source : Primary data processed SPSS v26, 2024

Based on table 9, it can be seen that the *R value* is 0.687 in the coefficient interval 0.60 - 0.779, meaning that there is a strong relationship between the Competency (X1) and Compensation (X2) variables on Employee Performance (Y).

2) Coefficient of Determination

Based on table 9 above shows that there is an influence between the Competency and

Compensation variables on the Employee Performance variable in this research which can be expressed quantitatively by testing the coefficient of determination and then obtaining the value of the coefficient of determination (*R Square*). amounting to 0.472 or 47.2%, while the remaining 52.8% was influenced by other variables not examined in this study.

3) T Test (Partial)

Table 10. T Test Results (Partial)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,684	9,570		,280	,781
	COMPETENCE	,671	.153	,510	4,392	,000
	COMPENSATION	,315	.106	,346	2,980	,005
a. Dependent Variable: PERFORMANCE_PERFORMANCE						

Source : Primary data processed SPSS v26, 2024

H1: Competence influential in a way significant on Employee Performance at the Bima City Cooperatives, Industry and Trade Service.

In accordance with table 10, viz t test results (Partial) show that mark significance influence Competency (X1) on Employee Performance (Y) at the Department of Cooperatives , Industry and Trade of Bima City is $0.000 < 0.05$ and the calculated t value is $4.392 > t$ table value 2.018, so **H1 is accepted**, meaning there is influence competence on

Employee Performance in a way significant. Research result This supported by research conducted by Ani Surtiani (2022) stated that there is significant influence Competence on the Performance of Civil Servants in SESPIM LEMDIKLAT Police Republic of Indonesia.

H2: Compensation influential in a way significant on Employee Performance at the Bima City Cooperatives, Industry and Trade Service.

The results of the t test (partial) show that the significance of the influence of Compensation (X2) on Employee Performance (Y) at the Bima City Cooperatives, Industry and Trade Department is $0.005 < 0.05$ and the calculated t value is $2.980 > t$ table value 2.018, so H2 is accepted, meaning There is a significant influence of compensation on

employee performance. The results of this research are supported by research conducted by Angel Kralita Poluakan (2019) which states that there is a significant influence of compensation on employee performance at PT. PLN (Persero) UP3 Manado.

4) F Test (Simultaneous)

Table 11. F Test Results (Simultaneous)

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1172.111	2	586,056	18,739	,000 ^b
	Residual	1313.533	42	31,275		
	Total	2485.644	44			
a. Dependent Variable: PERFORMANCE_PERFORMANCE						
b. Predictors: (Constant), COMPENSATION, COMPETENCY						

Source : Primary data processed SPSS v26, 2024

H3 :Competence, and Compensation influential in a way significant on Employee Performance at the Bima City Cooperatives, Industry and Trade Service.

From table 11, it can be known mark significance For influence Competency (X1) and Compensation (X2) on Employee Performance (Y) at the Bima City Cooperative, Industry and Trade Service are equal to $0.000 < 0.05$ and calculated F $18.739 > F$ table value 3,220. That matter proves that H3 is accepted, meaning there is influence Competency (X1) and Compensation (X2) on Employee Performance (Y). significant. This study in line with research conducted by Bella Cristi Natalia Tolandang (2021) stated that there is a significant influence on Competence and Compensation on Employee Performance at the Center for the Preservation of Cultural Values North Sulawesi Province.

4. Closing

5.1 Conclusion

Based on the discussion of the results of the analysis that has been carried out, the researchers draw the following conclusions:

- Competency has a significant effect on employee performance at the Bima City Cooperatives, Industry and Trade Department.
- Compensation has a significant effect on employee performance at the Bima City Cooperatives, Industry and Trade Department.
- Competency and compensation have a significant effect on employee performance

at the Bima City Cooperatives, Industry and Trade Department.

5.2 Suggestions

Suggestions that researchers can give in this research are:

- It would be better for the Bima City Cooperatives, Industry and Trade Department to continue to improve competencies related to knowledge and skills as well as compensation in the form of good facilities for employees so that they can encourage employee performance to work more optimally.
- The author also suggests that further research consider other variables or other research objects that are not included in this research, such as job training, work motivation and so on.

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