Does Staff Performance Mediate the Effects of Motivation, Discipline, and Allowance-based Performance on the Performance of Regional Planning Development Agency?

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Abstract: This study aims to explore the direct and indirect effects of motivation, discipline, allowance-based performance on organizational performance, mediated by staff performance of the Regional Development Planning Agency, Aceh province, Indonesia. All 160 staff of the agency were selected as sample of the study using the census technique. To gather the data, structured questionnaires were distributed to all respondents and analyzed using Structural Equation Modelling (SEM) approach. The results of the study revealed that motivation, discipline, and allowance-based performance had a positive and significant effect on the staff performance. Motivation, discipline, and allowance-based performance also found to have a positive and significant effect on the performance of agency. In addition, staff performance mediated the effects of motivation, discipline, and allowance-based performance had a significant effect on the organizational performance. These findings implied that to further enhance the organizational performance; the focus should be given on the improvement of staff performance on the basis of enhancing motivation, discipline, and allowance-based performance.

Keywords: Allowance-based performance; Discipline; Motivation; Organizational performance; Public organization; Staff performance.

I. Introduction

The introduction Development planning has been an important part of the government process in designing policy for economic development. In accordance with the prevailing laws and regulations, the central and provincial governments in Indonesia must be able to create an integrated and directed development planning system that is set forth in government work programs in the short, medium and long term. The presence of the National Development Planning Agency in 1965 became the foundation for the beginning of the harmony development planning system throughout Indonesia. The centralized planning system was then followed by the presence of the Regional Development Planning Agency at the provincial level, including in the province of Aceh, Indonesia.

The Regional Development Planning Agency of Aceh Province is one of the technical institutions in the province that implements government work programs in the field of research and development planning. Since its inception in 1967, the agency has become a quality centre of planning, controlling, monitoring, and evaluating the process and progress of economic development in the province. It also has carried out various forms of planning activities which aim to increase proportional, integrated, innovative and sustainable development of Aceh. However, this role has been not optimal considering there are still development imbalances across the 23 regencies/cities in the province. Additionally, the agency budget has not been fully realized as targeted, as shown by Table 1. The Government Agency Performance Accountability Report (2018) is as an indication of the success of the agency in carrying out government duties in the fields of development planning, controlling, monitoring, and evaluating the economic development. The target and realization of the agency budget is illustrated in Table 1.

As observed from Table 1, the agency budget allocation target has increased by 28.43% from 2016 to 2017, but their realization only increased by 14.94% during the same period. In totality, the achievement level has decline by has declined by year, but the increase in by -10.97% from 94.17% in 2016 to 83.84% in 2017. The declining trend of the performance of the agency in utilizing the budget is related to the problem of the quality of human resources which is the central role of all program activities. The readiness of the agency to improve a quality planning work program must indeed be supported by better work capabilities of civil
apparatuses. In fact, there have been problems in the field of civil service management, especially motivation and discipline of the staff could not be maintained permanently at all times. This phenomenon has affected employees’ performance and in turn had impacted the organizational performance.

Table 1. Budget target and realization of the Regional Development Planning Agency, Aceh Province, Indonesia, 2016-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Target (IDR millions)</th>
<th>Realization (IDR millions)</th>
<th>Achievement (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>55,328.117</td>
<td>51,830.502</td>
<td>94.17</td>
</tr>
<tr>
<td>2017</td>
<td>71,056.612</td>
<td>59,573.136</td>
<td>83.84</td>
</tr>
<tr>
<td>Mean</td>
<td>63,192.360</td>
<td>55,701.820</td>
<td>89.01</td>
</tr>
</tbody>
</table>


Motivation is characterized as a unique individual phenomenon, which is demonstrated in various behaviours (Osabiya, 2015). Working motivation is a problem that needs to be considered by the leadership of the agency because motivation is the root of all problems, especially performance and discipline. Even though supervision and work procedures are continually improved to achieve better work performance and discipline, but without a strong push from self-motivation, employees’ performance will not be maximized. Motivation helps people achieve goals, gain positive perspectives, create strength for change, build self-esteem and abilities, and manage individual development and help others (Osabiya, 2015). But controlling and understanding the working motivation of employees at the agency is a complicated process because the basis of the structure of employees’ behaviour is very different and cannot be known for real.

The provision of various forms of additional compensation becomes a motivating drive in encouraging employees to work contrarily increases employees’ dependence on work. When additional compensation is not available, employees are increasingly inclined to avoid additional and difficult tasks. This condition then tends to make employees’ performance never optimal at work.

To improve performance, work motivation and even discipline, the agency provides more decent employee benefits for employees in the form of allowance-based performance, also known as Tunjangan Prestasi Kerja. It is a non-salary employment allowance given by the agency to its officials and civil servants as an incentive or bonus based on attendance rates and performance achievement, especially in the context of bureaucratic reform demands. But the provision of allowance-based performance that is focused on the level of attendance of employees has made it being ineffective yet in improving employees’ performance. Even the provision of allowance tends to lead to sceptical perceptions of justice. The problem is that some employees only receive allowance-based performance for free without having to do with a maximum work effort, because they do not have a clear workload. This condition has caused problems which then have a negative impact on employees’ performance.

Furthermore, discipline is also one of the important factors in influencing employees’ performance (Landy and Conte, 2010). The impact of the implementation of a performance appraisal system and the provision of work allowance-based performance is expected not only to improve the level of employee welfare, but also the discipline of employees considering the amount of compensation is always associated with the level of discipline. But in reality, some employees still have low level of discipline. Subsequently, this would affect the staff and organizational performance.

Previous studies have documented that well-motivated employees would work harder (Azar and Shafiqi, 2013) and thus increased their performances (Suwuh, 2015; Priyono and Soesatyo, 2016; Dapu, 2015). Incentive or bonus is compensation received by employees in return for their extra-contribution to the organization and become an important aspect in the lives of employees. The standard of work life of employees, status, motivation, loyalty, and productivity depends on the remuneration they receive. Thus, a higher level of remuneration received by employees would motivate them to work harder (Aswathappa, 2012; Baba, 2015), thus subsequently improved employee performance (Munya, 2015; Muogo, 2013; Gustika, 2013). This further shows that a highly motivated employees would perform better their official assigned tasks (Kwapong et al., 2015) since motivated employees carry out their functions with full responsibilities, humility and efficiency (Osabiya, 2015). Dapu (2015) also found that discipline is most important factor to create conducive working atmosphere and the achievement of organizational goals.

The above-reviewed studies only investigated the direct effects of motivation, discipline, and remuneration on staff performance and organizational performances, and none of them focused on their indirect effects. Do motivation, discipline, and remuneration affect organizational performance through the improvement of staff performance? If yes, to what level? Motivating to fill the existing empirical gap, thus this study aims to explore the direct and indirect effects of motivation, discipline, allowance-based performance on organizational performance, mediated by staff performance of the of the Regional Development Planning Agency, Aceh province, Indonesia.

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The findings of this study are expected to add knowledge and new insights to the importance of motivation, discipline, and allowance-based performance in improving staff performance and subsequently its organizational performance. It also expected to enrich empirical findings related to the improvement of organizational performance on the basis of improvement of motivation, discipline, and allowance-based performance schemes.

The remaining part of this paper is structured as follows: Section 2 reviews selected relevant previous studies. Section 3 provides the empirical framework and data, followed by discussion of the main findings and their implication in Section 4. Finally, Section 5 concludes the paper.

II. Selected Literature Review

Motivation is very important in improving performance. If motivation is zero, even the most talented employees will not give good results. Conversely, enthusiastic and highly motivated employees will be able to achieve good performance despite having several knowledge gaps (Landy and Conte, 2010). Thus, well-motivated employees will make them do their work with more effort so that their performance will increase (Azar and Shafiqgi, 2013). Motivation significantly affects performance (Suwuh, 2015 and Priyono and Soesatyo, 2016).

Discipline is a prerequisite for the formation of attitudes, behaviours, and life order that will make employees get ease of work (Suwuh, 2016). Work discipline has a positive and significant effect on employee performance (Dapu, 2015 and Priyono and Soesatyo, 2016). Work discipline will create conducive working atmosphere and support efforts to achieve goals (Suwuh, 2016). Discipline is very important for a healthy industrial atmosphere and the achievement of organizational goals (Dapu, 2015).

Work performance allowance or remuneration is compensation received by employees in return for their contribution to the organization and become an important aspect in the lives of employees. The standard of work life of employees, status, motivation, loyalty, and productivity depends on the remuneration they receive. If the remuneration is paid well then the employee will become a hard worker (Aswathappa, 2012).

Remuneration policy is a key element to improve employee performance (Munyua, 2015). Employees will provide good performance for the organization if the organization provides decent remuneration (Baba, 2015); Remuneration has a significant effect on employee performance (Muogbo, 2013) and Gustika (2013) and Baba (2015). There is a significant positive relationship between remuneration and employee performance (Munyua, 2015).

Salary increases in the form of remuneration will be able to change the attitude of employees to work in such a way that they can try harder to influence the company’s total output, and on the other hand, increasing wages also increase workers’ economic freedom to increase production volume. (Onychan, 2014). Employees who are rewarded with remuneration will provide feedback, simplify work, encourage employees to be more productive and help management achieve organizational goals (Munyua, 2015).

Motivated employees have goals that are aligned with the organization’s goals and direct their efforts in that direction. Highly motivated employees will continue to look for ways to improve their work (Kwapong et al., 2015). There are clear differences between well-motivated workers and those who don’t. Motivated workers have a sense of belonging, recognition, and achievement of organizational results. Motivation will make employees try to identify themselves with the organization. Motivated employees will carry out their functions in all responsibilities, humility and efficiency (Osabiya, 2015). Motivation has a positive and significant effect on organizational performance (Osabiya, 2015).

Finally, the performance and success of an organization depends on skilled employees and how efficiently the organization can utilize those resources effectively (Osei and Ackah, 2015). Employee performance has a positive effect on organizational performance. High-performing employees will contribute to the growth and development of the organization (Vosloban, 2012). Thus, based on the above-reviewed studies, we propose the following hypotheses:


III. Research Method

The population of this study is all 160 staff the Regional Development Planning Agency, Aceh province, Indonesia. Because the population size is relatively small and affordable to study, all staff of the agency were taken as the sample of study. In other words, the study uses the census technique for the
determination of sample size. This study used the primary data, collected by distributing the structured questionnaires to the respondents. The investigated variables are measured using indicators proposed by previous selected studies.

Particularly, this study used two exogenous variables namely motivation (MOT), discipline (DISC) and allowance-based performance (ABP), and one endogenous variable, namely the organizational performance (ORPER) and one mediating variable, that is staff performance (STPER). In this study, the variables are measured using the Likert scale of 1 to 5, with the following indicators:

1. Motivational variables use indicators of feeling tied to their field of work, trying to find out their achievements and obtaining feedback, being responsive to difficult and challenging situations, willingness to accept responsibilities, and work performance standards.
2. Discipline variables use indicators of attendance, compliance with work rules, compliance with work standards, high level of alertness, and work ethics.
3. Variable work performance allowance uses indicators of comparable with other agencies; proportional to performance; proportional to seniority; comparable to experience; comparable with the potential that is owned, and comparable to the needs.
4. Variable of staff employee performance uses indicators of quantity, quality, time, cost and behaviour, and
5. Organizational performance variable uses indicators of input, process, output, results, benefits and impacts.

To analyze the data, this study used the structural equation modelling (SEM) with the following estimated models:

\[ STPER = \gamma_{11} \text{MOT} + \gamma_{12} \text{DISC} + \gamma_{13} \text{ABP} + \zeta_1 \]  \hspace{1cm} (1)

\[ ORPER = \gamma_{21} \text{MOT} + \gamma_{22} \text{DISC} + \gamma_{23} \text{ABP} + \gamma_{24} \text{STPER} + \zeta_2 \]  \hspace{1cm} (2)

where STPER is the staff performance, MOT is the motivation, DISC is the discipline, ABP is the allowance-based performance, ORPER is the organizational performance, \( \gamma_i \) are the estimated loading factors for each variables and \( \zeta_i \) are the structured error terms.

Prior to the SEM analysis, the instrument tests comprising validity and reliability will be conducted first. To ensure the appropriateness of the model to examine the direct and indirect relationships, the goodness of fit indices will also be conducted.

IV. Findings and Discussion

All variables in this study are in the form (construct) of several indicators those must have a similarity value as a form of expressions of truth from what is expected in each variable. The validity and reliability of indicators to measure variables are tested first to ensure the robustness of the estimated findings. The study found that all indicators are valid and reliable and thus these indicators could be used for further analysis.

Next, the study also ensures the appropriateness of estimated SEM models to provide answers for the objectives of our study. Table 2 reported the cut-off value as the criteria evaluation results of the goodness of fit indices for the estimated SEM models.

As observed from Table 2, all the goodness of fit indices showed a good fit of estimated SEM models. Goodness of fit indices were good fit with CMIN values of greater than 2, the GFI, AGFI, PNFI, and PCFI indices of close to 1, the NFI, RFI, IFI, TLI, and CFI indices with the values of greater than 0.8, and RMSEA was between 0.05-0.08 (Hair et al., 2012).

<table>
<thead>
<tr>
<th>Goodness of fit index</th>
<th>Cut-off value</th>
<th>Finding</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN</td>
<td>Default Model between Saturated &amp; Independence model (0 – 4855.429)</td>
<td>CMIN/DF=2.163 CMIN=679.114</td>
<td>Good fit</td>
</tr>
<tr>
<td>GFI and AGFI</td>
<td>Close to 1</td>
<td>GFI = 0.776 AGFI=0.730</td>
<td>Good fit</td>
</tr>
<tr>
<td>Parsimony Adjusted Measures</td>
<td>Value between 0 - 1</td>
<td>P-Ratio = 0.895; PNFI=0.769; PCFI=0.822</td>
<td>Good fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.05 - 0.8</td>
<td>0.068</td>
<td>Good fit</td>
</tr>
<tr>
<td>AIC</td>
<td>Default Model between Saturated &amp; Independence model (756.000 – 4909.429)</td>
<td>807.114</td>
<td>Good fit</td>
</tr>
<tr>
<td>ECVI</td>
<td>Default Model between Saturated &amp; Independence (4.755 – 30.877)</td>
<td>5.076</td>
<td>Good fit</td>
</tr>
</tbody>
</table>
4.1. Direct Effects of motivation, discipline, and allowance-based performance on staff and organizational performance

Table 3 reported the findings of estimated SEM models. Referring to the table, we can identify the size of effects of motivation, discipline, and allowance-based performance on staff and organizational performance as well as their significances.

<table>
<thead>
<tr>
<th>Table 3. Effects of motivation, discipline, and allowance-based performance on staff and organizational performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interrelationship among variables</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Staff Performance ← Motivation</td>
</tr>
<tr>
<td>Staff Performance ← Discipline</td>
</tr>
<tr>
<td>Staff Performance ← Allowance-based performance</td>
</tr>
<tr>
<td>Organizational performance ← Staff Performance</td>
</tr>
<tr>
<td>Organizational performance ← Motivation</td>
</tr>
<tr>
<td>Organizational performance ← Discipline</td>
</tr>
<tr>
<td>Organizational performance ← Allowance-based performance</td>
</tr>
</tbody>
</table>

As observed from Table 3, staff working motivation is found to have a positive impact on staff performance with a value of relationship of 0.227 at the 1% level of significance. This indicated that if the motivation increased by 1 unit, then the performance of employees at the Regional Development Planning Agency, Aceh, Indonesia will also increase by 0.227 units at the Likert scale. The further implied that motivation is an important drives for the staff to work harder and it subsequently improves individual staff performance. This finding is in line with those of Azar and Shafighi, 2013; Suwuh, 2015; Priyono and Soesatyo (2016), and Facreza et al. (2018) who documented that motivation is one of important factors affecting staff performance.

The study also found that staff discipline has a positive impact on staff performance with a value of 0.144 at the 5% level of significance, meaning that if staff discipline increased by 1 unit, then the performance of employees would increased by 0.144 units at the Likert scale. This finding proved that a good discipline as one important factors determining the enhancement of staff performance. Our finding supported the earlier findings by Dapu (2015) and Priyono and Soesatyo (2016) who documented a positive effect of discipline of employee performance both at the private and public organizations.

As for the allowance-based performance effect of staff performance, the study recorded a positive impact with an estimated value of 0.570 at the 1% significance level. This indicated that, if allowance-based performance increased by 1 unit, then the performance of employees increased by 0.570 units at the Likert scale. Allowance-based performance has been effectively to boost the staff performance, since well-paid remuneration motivated staff to work harder accomplishing official assigned tasks. This finding similar to the previous studies such as Aswathappa (2012), Munyuua (2015), Baba (2015), and Gustika (2013).

Next, the study documented the positive and significant effect of working motivation on the organizational performance at the 5% significance level. The motivation of the staff had a positive impact on improving the performance with an estimated value 0.170, indicating an increased by 1 unit in working motivation led to an increased 0.170 units at the Likert scale of the organizational performance. Motivated staff worked harder and finally contributed towards the improvement of agency performance. Since the motivated staff have a sense of belonging, recognition, and achievement of organizational results, thus the staff would carry out their functions with full responsibilities, humility, and efficiency (Osabiya, 2015). This finding is supported by the previous studies of (Kwapong et al., 2015; Sativa et al., 2018; Marlina et al., 2018; Kurniawan et al., 2012).

Similarly, the study also documented the positive effect of discipline on organizational performance at the 5% level of significant with the estimated value of 0.158. This indicated that a 1 unit increased in motivation of the staff, the organizational performance would be improved by 0.158 units at the Likert scale. Discipline would create a conducive working atmosphere and support efforts by the staff to achieve the mission and vision of the organizations (Osabiya, 2018). Our finding is supported by Dapu (2015) who found that discipline as one of very important determinants contributing towards the achievement of organizational goals (Dapu, 2015).

Moreover, the study documented positive effect of allowance-based performance on the organizational performance. An increased in the salary increases in the form of remuneration cause the changes in the attitude of employees to work harder to organizational performance (Onyancha et al., 2014). Employees who received a well-paid remuneration would provide feedback, simplify work, work productively to assist management in achieving organizational goals (Munyuua and Simon, 2015).

Finally, the improvement of staff performance is found to contribute positively and significantly to the agency performance with an estimated value of relationship of 0.311 at the 1% level of significance. This
implied that, if the employee performance increased by 1 unit, then the agency performance increased by 0.311 units at the Likert scale. This finding further proved that staff is the most important asset of the organization. This is in line with the study by Osei and Ackah (2015) who stated that the success of an organization depends mainly on skilled employees and how efficiently the organization utilizes those human resources. High-performing employees contributed to the growth and development of the organization (Vosloban, 2012).

4.2. Indirect effects of motivation, discipline, and allowance-based performance on organizational performance through the improvement staff performance

Table 4 reported the mediated effect of staff performance on the influences of motivation, discipline, and allowance-based performance on organizational performance.

Table 4. Indirect effects of motivation, discipline, and allowance-based performance on organizational performance through organizational performance

<table>
<thead>
<tr>
<th>Interrelationships among variables</th>
<th>Estimated value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance &lt;-&gt; Staff Performance &lt;-&gt; Motivation</td>
<td>(0.311 x 0.227) = 0.071</td>
</tr>
<tr>
<td>Organizational Performance &lt;-&gt; Staff Performance &lt;-&gt; Discipline</td>
<td>(0.311 x 0.144) = 0.045</td>
</tr>
<tr>
<td>Organizational Performance &lt;-&gt; Staff Performance &lt;-&gt; Allowance-based performance</td>
<td>(0.311 x 0.570) = 0.177</td>
</tr>
</tbody>
</table>

As observed from Table 4, the study found that the staff performance mediated significantly the effects of exogenous variables of motivation, discipline, and allowance-based performance on the organizational performance. Since all exogenous variables significantly affected the organizational performance directly and indirectly via the improvement of staff performance, thus the mediating variable of staff performance is found to act as the partial mediator (Baron and Kenny, 1986). This findings implied that to further improved the organizational performance, the leadership of the agency should emphasize their efforts on improving staff performance and strategies of promoting working motivation, discipline, and allowance-based performance schemes. These findings are among new insights offered by this study.

V. Conclusion

This study aims to explore the direct and indirect effects of motivation, discipline, allowance-based performance on organizational performance, mediated by staff performance of the Regional Development Planning Agency, Aceh province, Indonesia. All 160 staff of the agency were selected as sample of the study using the census technique. To gather the data, structured questionnaires were distributed to all respondents and analyzed using Structural Equation Modelling (SEM) approach.

The study documented that motivation, discipline, and allowance-based performance positively and significantly affected the staff performance. Motivation, discipline, and allowance-based performance also found to have a positive and significant effect on the performance of agency. In addition, staff performance mediated the effects of motivation, discipline, and allowance-based performance had a significant effect on the organizational performance. These findings implied that to further enhance the organizational performance; the focus should be given on the improvement of staff performance on the basis of enhancing motivation, discipline, and allowance-based performance.

Further studies on these issues would provide reliable comprehensive empirical findings by considering more variables into the model of estimation. These factors could cover both internal and external factors affecting motivation, discipline, and performances. Additionally, covering more public organizations into the analysis would provide enriching empirical evidence on influences of motivation, discipline, and allowance-based performance on staff and organizational performances. Finally, comparing the private and public organization would also enhance the existing empirical findings on the investigated issues.

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