

The Influence of Incentives, Used Information System, and Internal Control Implementation on the Employee's Performance in the Jasa Raharja Company Branch of Aceh, Indonesia

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Abstract

This study aims to examine the influence of incentives, used information system, and internal control implementation on the employee's performance in the Jasa Raharja Company Branch of Aceh. The research population comprised of 44 employees in the Jasa Raharja Company Branch of Aceh of which consisting of Branch Head, Unit Head, Chief Representative, Person in Charge, and Staff . Data analysis method used is multiple linear regression. The results of the research indicated that either tested simultaneously or partially, it supports the hypothesis that the incentives, used information system, and internal control implementation have a significant on the employee's performance of the Jasa Raharja Company Branch of Aceh, Indonesia.

Keywords: Incentives, Information System, Internal Control, Employee Performance.

1. INTRODUCTION

The reformation of 1998 brought a fresh breeze to bureaucratic change through governance reform initiatives (Hanafie, 2013: 6), has been responded through governance reform initiatives by issuing Presidential Instruction No. 5 of 2004, which requires each government agency to draw up the performance assessment that includes institution's performance indicators and targets that describes the successful of performance achievement. This is because organizations with no performance achievement assessment usually can not be expected to fulfill the satisfactory of stakeholders (Ministry of Finance, 2008). With the appraisal of performance achievement, the apparatus performance could be measured, monitored, and evaluated to encourage public services improvement (Ministry of Finance, 2009: 38).

Similarly, the governance of the Ministry of State-Owned Enterprises, in this case at the Jasa Raharja Company as one of the SOEs that engages in the traffic accident and public passengers insurance, which since 2004 has tried to clean up by implementing quantitative measurable performance assessment. The assessment measured by using quantifiable and clear deadlines key performance indicators as mandated by Presidential Regulation No. 81/2010.

This is because Jasa Raharja Company as an extension of the government is required to show good performance in the provision of services to the public, therefore Jasa Raharja Company must keep improving to be better which, among others, is shown through the performance achievement indicator (Prayudi, 2014:3). Assessment of performance achievement in Jasa Raharja Company is implemented in all organizational units under Jasa Raharja Company's structure, including Branch Office of Aceh which has a duty to organize the operation of Jasa Raharja Company throughout the province of Aceh.

Since the implementation of the performance achievement assessment at, employee's performance in the Jasa Raharja Company Branch of Aceh is shown through Employees Performance Achievement (EPA) where in 2012 employees who are able to reach EPA with a very good predicate reached 97%, in 2013 decreased to 95%, in 2014 decreased to 86%, and in 2015 decreased to 53%. Based on these data, it can be observed a phenomenon that in the period of 2012 to 2015 employee's performance in the Jasa Raharja Company Branch of Aceh tend not to increased.

Basically there were a lot of factors that influence the employee's performance. However, after the author conducted observation and interview in the Jasa Raharja Company Branch of Aceh, it concluded that incentives, the use of information systems, and the implementation of internal control are important factors to give contribute to the improvement of the employee's performance in the Jasa Raharja Company Branch of Aceh.

2. LITERATURE REVIEW

2.1 Influence of Incentives to Employees Performance

Sedarmayanti (2011: 239) states that incentives are all things employees receive in exchange for their contribution to the organization. Meanwhile, according to Rivai (2008: 362), incentives are rewards given to employees for their performance. Incentives have a close relationship with employee performance. Strengthening the link between individual performance and rewards can lead to increased feelings of empowerment by reinforcing feelings of competence and "providing individuals with incentives for participating in and affecting work performance" (Drake, Wong, & Salter, 2007:75).

Therefore, the provision of incentives must be managed in order to be a driving force for the realization of employee professionalism and performance improvement, because in essence the incentive is given as a company's rewards to employees for the achievements that employees have achieved. In order for incentives to encourage employees to achieve performance targets, an organization should pay attention to the simple, specific, achievable and measurable incentive mechanisms (Cascio: 1995) in Panggabean (2002: 92)). Research conducted by Palagia, Brasit and Amar (2012) and Dhynta (2015) were strengthen it, where incentives had significant effect on employees performance.

2.2 Influence of Information System Usage to Employee Performance

According to Nash (2000:8) the information system is a combination of human, technological facilities or tools, media, procedures and controls aimed at organizing communications networks, specific transactional processes and routines, assisting management and internal and external users and providing a basis for the right decision. Utilization of information systems has a close relationship influence with employee performance. Through the use of information systems, job tasks associated with the management of data and services can be completed more effectively and efficiently so that the performance of employees can be improved.

Information system usage that are integrated, computerized and online will provide benefits for the user because work process can be completed more quickly than if it done manually. In addition, the use of information systems will provide real time access to the status of data and organization portfolio so that the expected implementation of routine work related to data access, monitoring and administration of corporate data to be more awake accuracy and timeliness to facilitate job management process. With the use of information systems, job tasks can be completed effectively and efficiently so that the performance of employees can be improved.

Research conducted by Gautama and Arfan (2010) and Rahmadian (2014) were strengthen it, where the use of information system as part of the information technology had significant effect on employees performance.

2.3 Influence of Implementation of Internal Control to Employee Performance

Internal control is a process implemented by the board of commissioners, management and employees within the company that aims to provide adequate assurance that the objectives of such control are achieved, including the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with laws and regulations can be achieved. Meanwhile, according to Davis, Alderman, & Robinson (1990) internal control system is a policy and procedures created to provide reasonable assurance for achieving organizational goals and guarantee compliance with applicable laws and regulations.

Implementation of internal control has a close relationship influence with employee performance. Through the implementation of internal control, the organization can identify the occurrence of deviations on the implementation of activities as feedback to conduct corrective action or improvement for the leadership in redirecting the implementation of employees and organizations back on the track in order to achieve the performance target and organizational goals that have been established.

The implementation of SPI becomes a very important part of the mechanism of the control spectrum to motivate, measure and impose sanctions on the performance of managers and employees, so effective SPI is a prerequisite for better performance (Kewo 217: 294).

Research conducted by Pangestika (2016) and Dermawanti (2016) were strengthen it, where the implementation of internal control had significant effect on employees performance.

Based on the description, schematic of research framework is described in Figure 1.

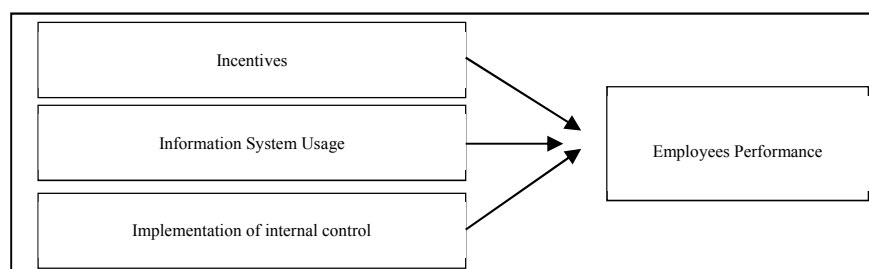


Figure 1. Schematic of research framework

2.4 Hypothesis

The hypothesis of this study are incentives, information system usage, and internal control implementation either simultaneously or partially affect to the employee's performance in the Jasa Raharja Company Branch of Aceh.

3. RESEARCH METHODS

This study is hypothesis testing which aims to examine the effect of variable incentives, information system usage, and internal control implementation to the employee's performance in the Jasa Raharja Company Branch of Aceh. This type of research is hypothesis testing research and the time horizon used is a cross-sectional. The population comprised of 44 employees in the Jasa Raharja Company Branch of Aceh, consisting of Branch Head, Unit Head, Chief Representative, Person in Charge, and Staff. Sources of data in this study are primary and secondary data, and data collection techniques are observation, documentation, and browsing methods through online data. Data analysis in this study is using SPSS.

Data analysis techniques on hypothesis testing using multiple linear regression analysis testing. Equation empirical model in this study, as shown below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where Y is employee's performance, α is a constant, $\beta_{1,2,3}$ is the regression coefficient, X_1 is incentives, X_2 is information system usage, X_3 is internal control implementation, and ϵ is error.

4. RESULTS AND DISCUSSIONS

4.1 RESULTS.

Description of Research Data

The hypothesis test's results shown in table 4.1.

Table 4.1
Hypothesis Testing Results

Variabel	Unstandardized Coefficients	
	β	Std. Error
Constant	1,567	6,307
Incentives	0,509	0,147
Information System Usage	0,383	0,177
InternalControl Implementation	0,239	0,063
Correlation Coefficient (R)	: 0,784	
Determniation Coefficient (R ²)	: 0, 614	
Adjusted R Square	: 0, 585	
F Count	: 21,236	
Sig. F	: 0,000 ^b	

Source: Primary Data Processed in 2017

Based on table 4.1, the multiple linear regression equation in this study can be written as follows:

$$Y = 1,567 + 0,509X_1 + 0,383X_2 + 0,239X_3 + \epsilon$$

Based on Table 4.1 it can be seen that the coefficient of determination (R Square) amounted to 0,614 (not equal to 0). It means that of incentives, information system usage, and internal control implementation in this research, jointly able to explain the change on employee's performance in the Jasa Raharja Company Branch of Aceh by 61,4%, while the remaining 38,6% is explained by other independent variables outside of this study.

The entire regression coefficient for each independent variable is not equal to 0. The regression coefficient of incentives (β_1) is 0.509, the regression coefficient of information system usage (β_2) is 0.383, and the regression coefficient of internal control implementation (β_3) is 0.239.

By using the hypothesis acceptance and rejection criteria that if $\beta_1 = \beta_2 = \beta_3 = 0$: H_0 is accepted and if at least one of β_i ($i = 1,2,3$) $\neq 0$: H_0 is rejected, it can be interpreted that the incentives (X_1), information system usage (X_2), and internal control implementation (X_3) jointly affect to the employee's performance in the Jasa Raharja Company Branch of Aceh (Y). Therefore, these results reject the null hypothesis (H_0) and accept the alternative hypothesis (H_A).

4.1.1 Influence of Incentives to Employees Performance

The incentives (β_1) regression coefficient amounted to 0.509. This means that the incentives affect the employee's performance. Thus H_0 is rejected and H_a is accepted. It can be interpreted that each increase of one unit or 100% from the incentives will be an impact on increasing employee's performance by 50.9 units.

4.1.2 Influence of Information System Usage to Employee Performance

The information system usage's regression coefficient (β_2) amounted to 0.383. This means that the information system usage affects the employee performance. Thus H_0 is rejected and H_a is accepted. It can be interpreted that each increase of one unit or 100% from the information system usage will be an

impact on increasing employee performance by 38.3 units.

4.1.3 Influence of Implementation of Internal Control to Employee Performance

The internal control implementation's regression coefficient (β_3) amounted to 0.239. This means that the implementation of internal control affects the employee performance. Thus H_0 is rejected and H_a is accepted. It can be interpreted that each increase of one unit or 100% from the use of internal control implementation will be an impact on increasing employee performance by 23.9 units.

4.2 DISCUSSIONS.

4.2.1 Influence of Incentives, Information System Usage, and Implementation of Internal Control jointly affect to Employee's Performance in the Jasa Raharja Company Branch of Aceh

Statistical test results on the effect of incentives, information system usage, and implementation of internal control shows that these three variables together having an effect on the employee's performance in the Jasa Raharja Company Branch of Aceh by 61.4%, while the remaining 38.6% can be influenced by other factors that not included in this study.

4.2.2 Influence of Incentives to Employees Performance Employee's Performance in the Jasa Raharja Company Branch of Aceh

Based on the results of hypothesis testing, incentives had significant influence on employee's performance to the value of regression coefficient of 0.509. These test results showed that through better mechanism of incentives, the higher the performance of employees at PT. Jasa Raharja Branch of Aceh. Effective remuneration allegedly able to improve the employees' welfare in order to encourage employees to performs better on their basic tasks and functions. In addition, with increasing employees welfare through appropriate remuneration, it would establish a positive competition atmosphere among employees in order to improve their performance and productivity, because with higher performance, the greater remuneration that would be obtained.

This study's results support the hypothesis that stated on the previous research that incentives had effect on employee's performance in the Jasa Raharja Company Branch of Aceh. This result is consistent with previous findings, among others with research by Palagia, Brasit and Amar (2012) and Dhynta (2015) which conclude that incentives had significant effect on employees performance.

4.2.3 Influence of Information System Usage to Employee's Performance in the Jasa Raharja Company Branch of Aceh

Based on the results of hypothesis testing, information system usage had significant influence on employee's performance to the value of regression coefficient of 0.383. These test results indicate that the more applicable use of information systems at PT. Jasa Raharja Branch Aceh hence the higher performance that will be produced by employees at PT. Jasa Raharja Branch of Aceh.

A computerized, integrated and online information system will drive revolutionary changes to individual behavior in work. Employee at PT. Jasa Raharja Branch Aceh becomes more helpful in the process of operational activities in managing services and operational starting from inventory data of Mandatory Contributions, Mandatory Donantion, Services, Finance and Executive, and integration between the data residing in representative offices, offices branches' data with head office's data, so that every work process can be completed faster than the work done manually. In addition, the use of information systems will provide time access so that decision makers will be helpful in formulating policies that are more precise, accurate and accountable. These points show that the use of information systems has an impact on the creation of improved performance.

This study's results support the hypothesis that stated on the previous research that information system usage had effect on employee's performance in the Jasa Raharja Company Branch of Aceh. This result is consistent with previous findings, among others with research by Gautama and Arfan (2010) and Rahmadian (2014) which conclude that information system usage had significant influence on employee's performance.

4.2.4 Influence of Implementation of Internal Control to Employee's Performance in the Jasa Raharja Company Branch of Aceh

Based on the results of hypothesis testing, implementation of internal control had significant influence on employee performance to the value of regression coefficient of 0.239. These test results indicated that the more comprehensive internal control applied, the higher the performance of employees of PT. Jasa Raharja Branch of Aceh can achieved.

Through the implementation of internal control, the organization can identify the occurrence of deviations on the implementation of activities as feedback to conduct corrective action or improvement for the leadership in redirecting the implementation of employees and organizations back on the track in order to achieve the performance target and organizational goals that have been established.

This study's results support the hypothesis that stated on the previous research that the implementation of internal control had effect on employee performance. This result is consistent with previous findings, among

others with research by Pangestika (2016) and Dermawanti (2016) which conclude that internal control had significant effect on employees performance.

5. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

1. Incentives, information system usage, and internal control implementation jointly affect to the employee's performance in the Jasa Raharja Company Branch of Aceh,
2. Incentives had partial influence on the employee's performance in the Jasa Raharja Company Branch of Aceh,
3. Information system usage had partial influence on the employee's performance in the Jasa Raharja Company Branch of Aceh,
4. Internal control implementation had partial influence on the employee's performance in the Jasa Raharja Company Branch of Aceh.

5.2 LIMITATIONS

The population is taken only in the Jasa Raharja Company Branch of Aceh, so that the level of generalization of research is still lacking and the conclusions drawn may only apply to the Jasa Raharja Company Branch of Aceh and can not be generalized to other Jasa Raharja Company's branch, as well as to other agencies.

5.3 RECOMMENDATIONS

It is well advised for future researcher are to expand the object of research to all branch offices of Jasa Raharja Company across Indonesia, and add other variables that affect employee performance such as leadership factors, organizational commitment, work climate, workload, and administrative fulfillment.

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