Additional Employee Income and Performance of Public Sector in East Java, Indonesia

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Abstract: Additional Employee Income (TPP) is a term for a remuneration system for Civil Servants (PNS) in local government. TPP is income other than salary, structural/functional job allowance, honorarium given in accordance with local financial capability and prevailing laws and regulations. The purpose of this research is to know the implementation, to analyze the acceptance, to formulate the appropriate system model in the Incremental Income of Civil Servants in the cities of East Java Province, Indonesia. The research approach used is qualitative research with multiple case study. Data collection methods used in-depth interviews with informants who are officials in charge of remuneration and performance measurement at the Regional Personnel Board in 8 (eight) cities. East Java province consists of 4 (four) cities/districts that have implemented TPP and 4 (four) cities that have not implemented TPP in 2017. The discipline is increasing in cities that have implemented TPP, both from timeliness of work and discipline in following routine events, as well as increased motivation and morale. Civil servants are competing to show their best performance in order to gain additional revenue. The biggest obstacle in TPP implementation is the ability of regional finance and the willingness of regional leaders.

1 INTRODUCTION

Remuneration for civil servants in the local government is called the Income of Employee Income (TPP). Regulations on TPP in East Java had been regulated in the East Java Governor Regulation No. 81 of 2015. TPP policy is one form of autonomous authority provided by the central government to the local government. TPP is income other than salary, structural or functional (general and certain) job allowance, and honorarium given in accordance with local financial capability and prevailing laws and regulations in each region. The Governor Regulation stipulates the criteria for granting income to civil servants in the East Java government stating that TPP is granted in accordance with the financial capacity and local legislation.

Remuneration is related to bureaucracy, then it can be interpreted as an award given by the government on the performance of an employee in a government agency in the form of additional salary allowance. Appropriate and adequate remuneration is often not found in government sectors with low state revenues. Low salaries can result in consequences, including low staff morale and reduced work effort; difficulties in recruitment and maintenance of technical and professional staff, non-transparent remuneration forms, and strong incentives to accept bribes (UNDP, 2010: 3)

Many cities in East Java, Indonesia have not yet applied TPP. The existence of freedom for cities and districts in East Java to determine their own remuneration system is based on the financial capacity of their respective regions, causing the application of different remuneration in each city and district. Until the end of 2016 there were still 6 (six) City Districts in East Java that had not yet applied TPP. This study selected 4 cities in East Java that have applied TPP and 4 cities that have not applied TPP. Furthermore, this research will analyze the implementation of TPP to improve performance and to analyze the acceptance of the system by the Civil Servants (PNS) in East Java Province, Indonesia.
2 THEORETICAL BACKGROUND

2.1 Performance Assessment

Rivai and Basri (2004: 14) argue that performance is the overall work result of a person during a certain period in carrying out tasks, such as standards of work, targets or criteria that have been determined in advance and have been mutually agreed. Performance appraisals play an important role in employee motivation. Motivation from employees will rise when employees feel satisfied with the feedback they receive on their work. The performance appraisal system in government agencies in Indonesia for civil servants (PNS) was established in RI Government Regulation no. 46/2011 and the Regulation of the State Minister for the Regulation of the Head of the State Personnel Number 1/2013. Error! Reference source not found. illustrates the employment of civil servants in Indonesia in accordance with PP RI no. 46/2011 and Regulation of the Head of the State Personnel Agency 1/2013.

![Performance Assessment Chart](image)

Figure 1: Performance Assessment Chart

2.2 Work Behavior

Work Behavior is any behavior, attitude or action performed by civil servants in accordance with the provisions of legislation. It is measured through the appraisal of the appraisal officer and taking into account the opinions and inputs of the appraisal officers who are level in their respective work units. Job Target Employees is a work plan and targets what is achieved by a civil servant. Assessment compares between Target and Realization.

2.3 Remuneration

Remuneration is the total income of an individual that can consist of separate payments, and is determined based on existing rules (Buchan et al; 2000). In relation to the government bureaucratic context, remuneration is the realignment of an employee payroll system based on performance appraisal, with the goal of creating a good and clean governance system.

2.4 Performance and Remuneration

Appropriate remuneration may affect performance, motivation, job satisfaction and employee behavior in the workplace (Djamaludin, 2009; Gill, 2014; Mendes et all, 2016; Campbell III, 2007). Remuneration has an influence on motivation that implies employee performance (Cahyanugroho et. all, 2016). Mendes et. all (2016) also believes that remuneration has a significant positive relationship for both civil servants and private employees. Motivation is an impulse found in a person to carry out the task or job that becomes his responsibility (Djamaludin, 2009).

The relationship between employees acts by providing appropriate incentives - such as "carrots" (premiums) and "sticks" (punishment). Remuneration agents are principally based on input (e.g. effort, time spent in the office) or on output (outcome). Remuneration is referred to as "high-powered" because it is strongly and directly related to the outcome of the worker - which is a good choice when efforts are not easy to quantify, and there is expensive or unsuitable supervision (Paul and Robinson, 2007).

3 RESEARCH METHOD

The approach of this research is by qualitative research using a multiple case study method. The data collection approach for cultural research can be done in several ways, i.e. interviews, questionnaires, observations, organizational notes/documentation (Swanson, 1997-96). By using a leather approach then the data obtained will be more complete, deep, credible and meaningful meaning that the research goal is achieved (Tahar, 2012). The selection of a qualitative approach is inseparable from the case
study examined, namely remuneration or TPP for civil servants in East Java. In accordance with the explanation of the theoretical basis, to establish proper remuneration it is necessary to balance the needs and desires of the employee and the organization, so the qualitative approach will be more appropriate. The principle of remuneration and performance of employees is essentially qualitative, so using a qualitative approach will be easier (Tahar, 2012).

3.1 List of Informants

The research location is 8 districts/cities in East Java Province of Indonesia.

The selection of informants uses theoretical sampling which is a technique of data sampling with certain considerations, or in other words, sampling based on theoretical considerations. The selected informants are government agencies located in eight cities or districts in East Java Province. The reason for selecting the eight samples is to represent the agencies in East Java province spread over the north, south, west, east and central areas of Pamekasan, Bangkalan, Mojokerto, Banyuwangi, Situbondo, Nganjuk, Madiun, and Surabaya City. Of the eight cities, 4 (four) cities namely Madiun, Nganjuk, Pamekasan, and Mojokerto have not applied TPP, while the rest have applied TPP. The informants are:

- Head of Regency Organization
- District Organization Staff
- Kabag Organization
- Head of Information and Procurement Section, BKPSDM
- Secretary of the Regional Finance Agency
- Civil Service Agency
- BKPSDA Staff and Secretary
- Staff Head of Subdivision and Personnel
- BKSDA
- Staffing Staff Secretariat, BAPPEDA
- Head of Finance Section, BAPPEDA
- Head of General and Civil Service Subdivision

3.2 Types and Data Sources

This study uses data obtained through two sources, namely:

1. Primary Data is data taken directly from informants of the cities concerned by using in-depth interviews to obtain objective, in-depth, and detailed information. Informants will also be given direction on the purpose and intent of the interview conducted by the researcher. This is because the informant can provide the right information, credible to the researcher.

2. Secondary Data is data from the company's internal data in the form of employee documents and regulations contained in the company or data that has been processed by parties or institutions.

3.3 Data Analysis Technique

In collecting data and information, researchers use an in-depth interview technique with the help of an MP3 Player tool. The results of the interviews obtained will be used as the basis for making interview reports. According to Yin (2014) analysis techniques conducted in qualitative research includes five stages:

1. Compiling The first stage is the process of collecting data and sorting data to be managed in a structured process of analysis. The result of the compiling process is a record obtained from the recording and transcript process.

2. Disassembling The second stage is the grouping of data in accordance with the separation based on the basic idea of the substance of each piece of data.

3. Reassembling The third stage is data rearrangement by disassembling. Preparation of data is done repeatedly by shifting or simplifying the data until obtaining more data accuracy and showing patterns. The results of this process will be used for analysis of the question and the problem formulation.

4. Interpreting The process of interpretation is the process undertaken to answer the problems and research question using data that has been arranged by pattern. The interpretation stage is done according to the completeness, fairness (objective), empirical accuracy (according to the data obtained), value added, and credibility.

5. Concluding The last stage is the process of making kesimpulan from the interpretation of the results of the penemuan of research. From this process researchers will gain empirical findings, also see the significance of the study, lessons learned, and implications of the research.

3.4 Data Processing Technique

After the results of interviews from various sources in the form of text documents have been obtained and collected, then the next can be analyzed by identifying relevant concepts that exist in the data and classified into several categories (open coding) (Gioia, et al., 2010). In this study, the authors use
NVIVO which is a qualitative data analysis program to track the developing categories. This is done for quick reference to similar concepts into fewer categories and themes.

The data will be processed with NVIVO software. Once the data has been inputted into NVIVO, then a node can be created to classify the results of the interview to facilitate the encoding. The results of the coding are then presented in the data in the form of charts and data queries. Query is the process of taking data from a database and providing it for use (Sutopo & Arief, 2010). In this study, the query data created is the matrix coding query used to compare the results of the interviews. The last stage is to create a model to describe the results of interviews.

3.5 Data Validation Technique

In qualitative research methods, data validation is an important element because the data obtained from various informants is very valuable from a research in which the data will then be used for research purposes. According to William Wiersma in Sugiyono (2009: 372), triangulation in testing this credibility is interpreted as checking data from various sources in various ways and at various times. Triangulation of data sources is exploring the truth of certain information through various methods and sources of data acquisition (Creswell, 2013: 201). Patton (in Sutopo, 2006: 92) describes the triangulation techniques that can be used including:

1. Triangulation A method is a triangulation used by collecting similar data but using different methods (Patton in Sutopo, 2006:93).
2. Triangulation of Data or Source is a triangulation that is directed to find data from an existing source.
3. Triangulation Theory is a triangulation that uses the perspective of more than one theory in discussing the issues to be studied (Patton in Sutopo, 2006: 98).
4. Triangulation of researchers is the result of either research in the form of data or conclusions about a particular section, or the whole can be tested by other researchers (Sutopo, 2006: 93). Triangulation of researchers can be done by holding a discussion or involving several researchers who have sufficient knowledge.

This study uses a data triangulation technique, which is directing the researcher in collecting data, trying to use various existing sources by collecting data in the form of documents from the city/regency government in East Java and kominfo. This research also uses a technique triangulation method in which research uses a method of interviews and surveys.

This research method used a qualitative approach with multiple case study.

4 DISCUSSION

All in-depth interviews from various informants were changed in text form and then analyzed using open coding. This study uses first-order categories with more specific results and second-order themes to illustrate the structure and compilation of data presented as the basis of grounded theory of influence on the performance of civil servants.

4.1 City and Regency Applying TPP

The cities and regencies that have implemented TPP are Bangkalan, Banyuwangi, Situbondo, and Surabaya. The application of TPP can be different due to the Governor declaring that East Java Regional Government can provide TPP based on objective consideration by paying attention to regional finance capability (East Java Governor Regulation No. 81, 2015). Themes are listed in Figure 2:
Figure 2: Data Structure with First-Order Categories and Second-Order Themes City and District Applying TPP.

Source: Data processed

4.1.1 Theme 1: Knowledge and Understanding about TPP

The first step taken in this research is the analysis of the relationship between supplementary income of civil servants and performance. The aim is to make the responsible implementation of TPP and for all civil servants who are under his control to know and understand the existence of TPP. According to Presidential Regulation no. 39 of 2016 concerning Employee Performance Allowance in the Environment of the State Civil Apparatus Commission, that with the implementation of bureaucracy reform within the State Civil Apparatus Commission, in an effort to improve the performance of the Civil State Apparatus Commission employees should be given Performance Allowance (Presidential Regulation No. 39, 2016).

In terms of understanding, informants already know and understand TPP regulations. Some of them can even state what law is the basis for TPP implementation in their area. Based on the results of in-depth interviews conducted, TPP indicators are generally not much different, namely fingerprint attendance to know attendance and attendance allow or ceremony. It turns out that the uniqueness of Situbondo has a religious TPP indicator that is sholawatnariyah. However, all informants except from Surabaya still do not understand remuneration based on performance because the informants can not mention performance indicator allowance.

4.1.2 Theme 2: Communication

The rules set by the central government would require good communication to be applied to all components. Rules concerning TPP itself according to Presidential Regulation No. 39 of 2016 in an effort to improve the performance of employees within the State Civil Apparatus Commission should be given performance allowances. All informants argued that the East Java Governor’s Regulation No. 81 of 2015 was well established due to differing regional income, budget and regional capabilities so that local governments could regulate it in local regulations and adjust to their financial capacity. Rules made by the Central Government are considered to be clear because it has been described in detail through the Perka BKN No.1 of 2013 on indicators, performance weight calculation, TPP granting criteria, procedures for making SKP, and others. Rules made by the regents or mayors have been based on the rules of the central government, but re-adjusted with the ability and resources owned.

In implementing a policy program to all ASNs, it is necessary to coordinate to reach all civil servants in order to achieve the goal of policy making. In the outcome of the interview, socialization is carried out to convey new regulations or policies of the
regulation through coordination meetings, ceremonies, circulars or e-mails, and meetings. If there is any change then Article 14 requires that the regulation undergoing such amendment be placed in the Regional News of East Java. Consistency of the Central Government Regulation tends not to change much; it is just that Local Government Regulation more often changes because of adjusting to local financial conditions.

### 4.1.3 Theme 3: Resources

To be able to carry out activities within the agency, it takes a number of resources such as human resources and finance. Based on the results of interviews, human resources of all informants have met the quantity and quality, but in Banyuwangi it is felt that the level of human resources in the area is inadequate so that the workload feels heavy. The financial capability of each region also differs from one to another so that the Central Government regulates in the East Java Governor Regulation No. 81 of 2015 Article 2 paragraph 1 stating that local governments can provide TPP according to objective considerations. The amount of TPP fund allocation has also been regulated in Article 11 paragraph 1. All informants agree that the region is financially capable of carrying out TPP policy. The allocation of TPP funds for each region also differs from one to another; for example Surabaya allocates the largest TPP funds of eight trillion rupiah, while other cities allocate tens of billions of rupiah.

In order for TPP policy to run smoothly it would require supporting equipment. All regions have fingerprint scanners to assess discipline and attendance levels but there is still fraud committed so that Banyuwangi plans to use face recognition. In Surabaya itself it has had applications that have been integrated and tersistemasi with the database so that is more transparent and credible.

### 4.1.4 Theme 4: Disposition

Value scoring should provide a better assessment of the current effectiveness. The National Research Council, in one of the journals published by the American Review of Public Administration argues that, "the supervisor can provide accountable judgments on performance appraisals under controlled conditions and with carefully developed scale assessments (Pablo & Lewis, 2001)."

The party responsible for the TPP weight assessment is the direct and tiered supervisor while the party responsible for implementing the main indicators is the regional secretary, assistant sekda, inspectors, heads of agencies, heads of departments, and sub-district heads. One of the components of TPS employment assessment of civil servants is work behavior. In the aspects of employment behavior of civil servants apparently they have improved performance, both from daily tasks, discipline to attend and go home on time, and follow the apple. In the results of interviews conducted with informants, the application of TPP is considered very good because the level of employee satisfaction increased, they are motivated in work, and more disciplined in the presence or follow the ceremonies.

### 4.1.5 Theme 5: Bureaucracy

The implementation of TPP or SOP policy has been regulated and explained in detail through the Perka BKN Number 1 Year 2013. In the regulation of both the central government and local government it has set the mechanism of implementation of TPP, TPP indicators, calculation methods, etc. so that SOP implementation of TPP has been regulated and is official and clear. It is just in the mechanism of TPP implementation of each region, adapted to the ability of the region. As in Bangkalan, there are SOPs of TPP implementation such as SOP Preparation of Fingerprint Result Report and SOP of Budget Disbursement. One of the components of the TPP assessment is the SKP that contains the job tasks and targets to be achieved.

Assessment of the performance of civil servants is performed with objective principles, is measurable, accountable, participatory, and transparent. If TPP implementation is in conformity with the five principles, then justice allowances will be created. The implementation of TPP in Surabaya has been based on application that is e-performance so that it meets the five principles of performance appraisal. To prepare for the implementation of TPP would require a detailed readiness and assessment because it must be tailored to the ability of each region.

### 4.1.6 Theme 6: Bureaucracy

The last thing that is expected to happen with the application of TPP is the satisfaction of employees so that there can be an increase in performance. Job satisfaction can be achieved with the fulfillment of employee welfare. Based on the results of interviews conducted a difference was found. Staff who have felt the benefits of TPP feel that their workload has been matched with the income received. This can happen because the calculation of TPP is more
detailed and calculated with the format that has been regulated in the Regulation of Head of BKN.

To motivate civil servants to work better, some researchers recommend and introduce “high powered” incentives in the public sector, based on objective performance measurements (outputs or outcomes). Linking wages to remuneration can potentially increase employee incomes, motivation, and outcomes, especially in contexts where increasing general wages are hard to imagine, and increasing government service to the community is important (Robinson, 2007).

All assume that the competence has been in accordance with the work or the existing workload. However, the staff found in Bangkalan complained about the inequality of workload between BKD and regional library office which is not comparable. The staff felt that the income generated increased significantly due to the increasing performance and motivated by the leadership attitude. The obstacles in the work encountered are the workload between SKPD that is not comparable, the number of inadequate employees, and time-consuming bureaucracy.

4.2 Cities and Districts That Have Not Applied TPP

This study used four samples of cities and districts in East Java that still have not applied TPP for civil servants, among them are Madiun, Mojokerto, Nganjuk, and Pamekasan. Although it has been instructed through the East Java Regional News related to the implementation of TPP by the central government, municipalities and districts have not been able to apply TPP due to constraints faced by each region. Themes are listed in Error! Reference source not found.

Figure 3: Data Structure with First-Order Categories and Second-Order Themes City and District That Have Not Applied TPP.

Source: Data processed

4.2.1 Theme 1: Knowledge and Understanding about TPP

Based on the results of the interviews, all informants already know about TPP even though the area is still not implemented and they have not understood yet the meaning of the actual policy and the indicators in the assessment of TPP. While the District Nganjuk and Pamekasan still do not get the information officially although it has been instructed through East Java Regional News. In cities and districts that have not yet applied TPP, they still use incentives in the form of money to eat and drink and transport, in contrast to TPPs whose calculations are based on the performance of each employee.

4.2.2 Theme 2: Communication

In terms of TPP policy communications with all civil state apparatus is a crucial factor that can be applied thoroughly for the implementation of objectives; TPP is in order to improve employee welfare based on objective considerations. Informants from the regions that have not yet applied TPP believe that the TPP regulations that
have been made by the central government are a good thing because it can improve the welfare of civil servants and allocated funds can be adjusted with the ability of the APBD. In cities that have not yet implemented TPP, efforts will be made to disseminate and discuss forums on TPP policy to gain new views on TPP. The majority of staff who became informants in this research know TPP policy started from socialization conducted by local government or workshops but staff from City Nganjuk still have not received socialization from local government.

4.2.3 Theme 3: Resources

To be able to carry out activities within an agency or organization, it takes a number of human resources that meet the needs or quantities needed and quality or competence in doing a job. From the informants studied, we argue that there is no problem related to the quality or competence possessed by employees. In some cities such as Madiun and Mojokerto, we argue that the number of human resources owned is inadequate so that the workload becomes more severe. In allocating financial resources we should pay attention to the financial capacity of the region but it is the biggest factor as a TPP inhibitor.

4.2.4 Theme 4: Disposition

Nunberg in UNDP explains that community services in many developing countries “are often too large, too expensive, and few incentives and poor motivation” (UNDP, 2010). Although they have never felt the benefits of TPP, the informants feel TPP implementation is a good thing because it can increase employee satisfaction and improve performance so as to serve the community better. Even informants from Mojokerto argue that data from the KPK states that areas that have implemented TPP have fewer corruption figures than those that have not implemented yet because TPP is considered more objective, measurable, accountable, participatory, and transparent.

4.2.5 Theme 5: Bureaucracy

Obstacles found from areas that have not implemented TPP vary, but the biggest obstacle came from the financial sector. Regulations on the allocation of TPP funds have been regulated in East Java Governor Regulation No. 81 of 2015 that each region may consider the financial capacity of the region and obtain approval of the DPRD in accordance with legislation. It requires careful calculation and consideration so that the review of the implementation must wait for approval by the Bupati. However, in Madiun, the informants argued that the leadership prioritized to undertake the development of regional infrastructure such as repairing damaged roads, etc., so TPP have not been applied. In the future, however, local governments already have plans to implement TPP while still under review which is assisted by academics as it adapts to local finance. TPP policy is considered as something that is easy to run because everything has been arranged in the Perka BKN. However, its implementation still requires readiness and detailed assessment as it is tailored to the capability of each region.

4.2.6 Theme 6: Bureaucracy

Community services in low income countries face some characteristics and limitations that reduce the power of motivators. The limits are: (1) lack of and/or low quality of performance information, (2) very low wages so that civil servants feel unappreciated, (3) demotivation factors such as poor working conditions and at least rewards can reduce intrinsic motivation (Hofstede 2001).

From interviews it was found that staff who still did not feel the benefits of TPP felt that the workload is time-consuming and not in accordance with the income earned due to the large workload but only the basic salary paid so that it is not in accordance with the performance of employees. Informants from Mojokerto complained about a seven-year moratorium so there was no employee recruitment. Employee deficiencies result in workload and tupoksi should be transferred to other employees. The staff are looking forward to the TPP because it can be more prosperous for employees so they can work harder.

Although only partially, material motivation is important. The opinion that appropriate wages are essential to maintain the motivation, performance, and integrity of civil servants is widely accepted and documented (Kiragu et al., 2004: 109).

5 CONCLUSIONS

Based on the results of research conducted on eight cities or districts in East Java on the policy of Incremental Income of Civil Servants and its performance, it can be concluded that the implementation of TPP policy can affect the performance of civil servants that show
improvement when compared with employees who still do not feel the benefits of TPP. This can be evidenced by the statement from the informants who are the leaders in carrying out TPP or weight assessment TPP, stating that there is increasing discipline of civil servants in terms of timeliness in work (absenteeism), discipline in following apples and ceremonies, as well as increased motivation in work. Civil servants are competing to show their best performance in order to gain additional income increases.

While in areas that still have not implemented TPP, it appears that civil servants feel lack of enthusiasm in work because of the excessive workload but the income generated tends to remain. The biggest obstacle to TPP implementation is the financial capacity possessed by the region and the approval of the respective regional leaders.

REFERENCES


