

# 386-Bistek-Turnitin

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# **1** Effect of Extrinsic Motivation and Competence on Employee Performance

(Study at a Credit Company in the City of Bandung)

## *Abstract*

**10**  
This study aims to determine the Effect of Extrinsic Motivation and Competence on Employee Performance in the Indonesian Credit Guarantee General Companies Bandung Branch Office by **2** obtaining accurate data and collecting the necessary data as analysis material. The purpose of this study is to determine **7** the magnitude of the influence of extrinsic motivation, **7** the magnitude of the influence of competence on employee performance, and the magnitude of the influence of extrinsic motivation and competence on employee performance at the Indonesian Credit Guarantee General Company Bandung Branch Office.

This study uses descriptive methods and verifiable analysis with the number of respondents 35 permanent employees (sample) from 35 permanent employees (population) at the Indonesian Credit Guarantee General Company Bandung Branch Office, with the results of this study using correlation analysis, path analysis, and coefficient of determination analysis (Kd). Its operations use SPSS software version 22, Microsoft Word 2019, and Microsoft Excel **13** 2019.

Based on the results of research that has been carried out at the Indonesian Credit Guarantee General Company, namely the extrinsic motivation to obtain reasonably good results, competence to obtain relatively good results, and performance to obtain reasonably good results. The correlation between extrinsic motivation and competence obtained a positive relationship result of 0.745. The coefficient of determination is 68.5%. The direct and indirect influence of extrinsic motivation on employee performance was 43.24%, and the influence of competence on employee performance was 30.19%, so the total effect was 73.43%, and the remaining 26.57% were other variables that also affected employee performance at the Indonesian Credit Guarantee Public Company Bandung Branch Office but were not researched.

**Keywords:** extrinsic motivation, competence, and employee performance

## **INTRODUCTION**

Based on the business license stipulated in the Republic of Indonesia Law Number 1 of 2016 concerning Guarantee, the Branch Office of PT highly expects high employee performance. Indonesia Credit Guarantee Company in Bandung by implementing standardized and objectively achievable criteria through the Board of Directors' Decision Number: 3/DIR/I/2001 dated January 15, 2001, and its implementation guidelines according to the Board of Directors' Decision Number: 36/DIR/VII/2001 dated July 11, 2001, regarding the Guidelines for Employees of PT. Indonesia Credit Guarantee Company. The performance assessment system for employees at PT. Indonesia Credit Guarantee Company is regulated based on the Board of Directors' Decision Number: 09/Per-Dir/1/VII/2018 concerning PT's Performance Management System (PMS) Policy. Indonesia Credit Guarantee Company. Based on this, it must be acknowledged that the level of employee performance in one of the Credit Companies in Bandung still needs to be suboptimal.

Employees' hard work and work behavior within a specific period determine an individual's ability to carry out their tasks. Therefore, performance is a comprehensive concept known as universal (Aguinis, 2019; Caron et al., 2019). Employee performance refers to an individual's behavior in performing work tasks with specific skills and abilities. From the various definitions above, we can see that performance is measured from two aspects: work results and work behavior (Deci et al., 2017; Hirst et al., 2009; Sidharta et al., 2019). When looking at work results, we observe the quantity and quality individuals produce. On the other hand, when considering work behavior, we evaluate the individual's positive and negative behavior.

Speaking of performance, motivation cannot be separated. Motivation plays a significant role in driving the effectiveness and efficiency of employee performance. Motivation is the driving force or stimulus to achieve goals (Deci et al., 2017; Hadian et al., 2015; Thuan & Thanh, 2020). When a factor motivates someone to perform a specific activity, whether directly or indirectly, it will enhance performance. Therefore, motivation is often referred to as a driving factor for an individual's behavior. Every activity an individual performs has a motivating factor (Syarifuddin & Sidharta, 2017; Wen, 2022). Their needs and desires generally influence the driving factor for someone to engage in a particular activity. Each person's needs and desires differ from those of others. The difference in needs and desires occurs due to the mental processes taking place within the individual (Hirst et al., 2009; Nguyen et al., 2022). This mental process involves the formation of perceptions within the individual, a learning process of how they perceive and experience things in their surrounding environment.

Motivation has two components: internal and external components. The internal component involves changes within an individual, feelings of dissatisfaction, and psychological tension (Andersen et al., 2018; Pauceanu et al., 2018). The external component refers to something desired by an individual, a goal that directs their behavior. Every activity an individual performs is driven by various motives and attitudes, which encourage activities (Chen et al., 2021; Kuswati, 2020). Motive is the inner drive that compels someone to do something. It consists of two elements: the driving force to act and the target or goal the action is directed towards. These two motive elements prompt individuals to engage in activities and strive to achieve their desired outcomes.

Apart from motivation, another variable that influences employee performance is competence. Competence refers to the ability to carry out or perform a job or task based on the skills, knowledge, and work attitudes required (Chien et al., 2020; Pradhan & Jena, 2017). Competence also indicates the characteristics of knowledge and skills possessed or required by individuals to perform their tasks and responsibilities effectively, thereby raising the professional quality standards in their work (Deci et al., 2017; Hadian et al., 2015). An individual can perform a job correctly and excel based on knowledge, skills, and attitude (Parashakti et al., 2020; Were & Maranga, 2022).

Based on the selected problem, the research problem formulate as follows: To what extent do extrinsic motivation and competence influence employee performance in one of the Credit Companies in Bandung? Therefore, this research expects to obtain data as a source of information for analysis to determine the extent of the influence of extrinsic motivation and competence on employee performance in one of the Credit Companies in Bandung.

## METHOD

The method used in this research is a descriptive verification method with a quantitative approach. Using the research method will determine the significant relationship between the variables under investigation, thus providing a clear conclusion about the object being studied.

The independent variables in this research are Extrinsic Motivation (X1) and Competence (X2). The Extrinsic Motivation (X1) indicators in this research are Skills, Personal Characteristics, Communication, Proximity, Workplace Temperature, Workplace Lighting, Incentives, and Benefits. Meanwhile, Competence (X2) indicators are Analytical Thinking, Conceptual Thinking,

Responsibility, Tolerance, Religiosity<sup>4</sup>, Honesty, Knowledgeability, Skillfulness, Interest, and Employee Engagement. The dependent variable in this research is Performance (Y). Performance (Y) indicators are Work Quality, Job Knowledge, Creativity, Collaboration, Independence, and Initiative.

<sup>5</sup> A sample is a portion of the total population with its characteristics. When the population is large, and the researcher can only <sup>12</sup> a part of the population due to limited resources, such as funding, workforce, and time, the researcher can use a sample from that population. For example, the population in this research consists of all employees in one of the Credit Companies in Bandung, totaling 35 employees. In this study, the selection of respondents <sup>8</sup> was determined using nonprobability sampling techniques, which do not provide equal opportunities for every element (member) of the sample to be chosen using the saturated sampling method. Saturated sampling, otherwise known as census, involves including all population members in the sample.

## RESULTS AND DISCUSSION

To assess the data's validity and reliability, use statistical measures such as a correlation coefficient of 0.3 and Cronbach's alpha coefficient of 0.7. Table 1 displays the assessment results conducted to determine the validity and reliability of data.

Table 1. Results of validity and reliability assessment

| Instrument              | X1    | X2    | Y     |
|-------------------------|-------|-------|-------|
| 1                       | 0.659 | 0.495 | 0.649 |
| 2                       | 0.730 | 0.815 | 0.499 |
| 3                       | 0.586 | 0.859 | 0.639 |
| 4                       | 0.819 | 0.654 | 0.765 |
| 5                       | 0.354 | 0.805 | 0.622 |
| 6                       | 0.368 | 0.838 | 0.460 |
| 7                       | 0.357 | 0.534 | 0.738 |
| 8                       | 0.497 | 0.774 | 0.777 |
| 9                       | 0.810 | 0.633 | 0.750 |
| 10                      | 0.409 | 0.775 | 0.567 |
| 11                      | 0.605 | 0.709 | 0.487 |
| 12                      | 0.360 | 0.782 | 0.385 |
| 13                      | 0.555 | 0.477 | 0.530 |
| 14                      | 0.771 | 0.843 | 0.507 |
| 15                      | 0.786 | 0.827 | 0.569 |
| <b>Cronbach's Alpha</b> | 0.861 | 0.932 | 0.863 |

<sup>8</sup> Based on Table 1 above, the research variables consist of statements above 0.3, so all items are declared valid. The reliability test results are based on Table 1 that all

variables are included in the Reliable category because the score is  $> 0.7$ . Thus the research instrument of each variable in this study can be reliable evidence and, indeed, a reliable measuring tool and has a high level of stability, in the sense that if the measuring instrument is repeated, the results of testing the instrument will show results fixed.

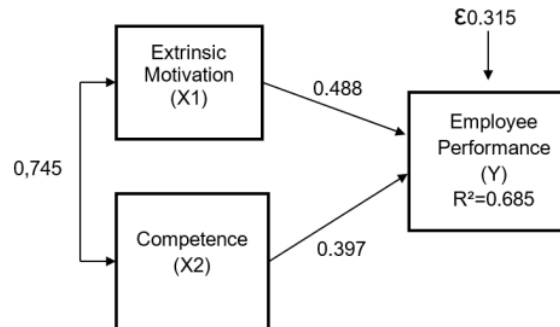


Figure 1. The results of path analysis calculations

From the table and figure above, it can be obtained that the path coefficient of Extrinsic Motivation ( $\rho_{YX1}$ ) is 0.488, and the path coefficient of Competence ( $\rho_{YX2}$ ) is 0.397. This result is described in the path equation as stated below:

$$Y = 0.685 X1 + 0.397 X2 + 0.315 \varepsilon$$

The direct effect (Direct effect) with path analysis can be calculated through the results of the effect of regression calculations (X1 and X2) and then squared ( $a^2$ ). At the same time, the indirect effect (Indirect effect) on Y can be calculated as Extrinsic Motivation (X1) on Performance (Y) through Competence (X2) and Competence (X2) on Performance (Y) through Extrinsic Motivation (X1).

The results of the calculation of the coefficient of determination (R squared), which is expressed as a percentage, describe the magnitude of the contribution of all independent variables, namely Extrinsic Motivation and Competence in determining variations in performance, which is 68.5% and the magnitude of epsilon is  $\rho_{\varepsilon} = 0.315$  or 31.5%, namely the influence of leadership, employment opportunities, work culture, communication, compensation, and work motivation.

Employee motivation determines the success of every aspect of the business. Therefore, companies have an essential role in motivating their employees because, with motivation, employees can improve performance and achieve work performance. (Kuswati, 2020; Thuan & Thanh, 2020) In line with this theory, they

are based on research and data processing results. The Extrinsic Motivation variable has a direct effect of 23.81%, and an indirect effect through its relationship with the competence variable is 14.43%, so the total effect is 38.24%. Therefore, extrinsic motivation at a credit company in Bandung has a dominant influence on employee performance.

Attitudes, knowledge, and abilities or skills are competencies that employees must possess because Competence is something that the company needs. Therefore, the greater the Competence employees possess, their performance will increase (Budiman et al., 2019). (Liu et al., 2021; Parashakti et al., 2020; Sahabuddin, 2018) The Competency Variable has a direct effect of 15.76% and an indirect effect through its relationship with the Extrinsic Motivation Variable of 14.43%, so the total effect is 30.19%. Thus Employee Competence at one of the Credit Companies in Bandung City affects Employee Performance smaller than Extrinsic Motivation.

## CONCLUSION

Based on the statistical analysis results and previous discussions regarding the effect of Extrinsic Motivation and Competence on Employee Performance, it can be concluded that Extrinsic Motivation and Competence together influence Employee Performance. This condition means that extrinsic motivation and competence together play a role in improving the process of forming employee performance at one of the Credit Companies in Bandung City.

To increase motivation, employees should be considered more as partners so that a strong emotional bond is established between the owner, management, and employees and enforces rewards and punishments. Meanwhile, to increase competency by conducting training to increase further the desire and ability of employees, especially employees of the Business and Guarantee Division because they are dealing with work partners and the community to work cooperatively and direct subordinates more, namely the ability to command, influence and directing subordinates by implementing strategies and interpersonal relationships so that they want to achieve the goals that have been set.

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