THE EFFECT OF COMPETENCE, LEADERSHIP, AND MANAGEMENT INNOVATION OVER THE PERFORMANCE OF STRUCTURAL OFFICIAL OF ECHELON IVB

Bedjo Sujanto¹, Maruf Akbar², Darmawan Apriyadi³
Professor of Graduate Program of UNJ¹,², Student of Doctoral Program of Management Science of Human Resource Concentration of Graduate Program of UNJ³
darmawan.apriyadi@gmail.com

Abstract
The aim of this research was to analyze the effect of competency, leadership, and innovations management on structural office holder of echelon IVB performance. This research was conducted at the One Stop Service Agency of Province of DKI Jakarta, using the method of path analysis in hypothesis testing. The sample in this research is of 75 people with simple random sampling. The results of this study are: (1) Competency positive direct effect on structural office holder echelon IVB performance. (2) Leadership positive direct effect on structural office holder echelon IVB performance. (3) Management of Innovation positive direct effect on structural office holder echelon IVB performance. (4) Competency positive direct effect on Management of Innovation, and (5) Leadership positive direct effect on Management of Innovation. The results of this research has implications for the effect of competency, leadership, and innovations management which can support on the structural office holder of echelon IVB performance One Stop Service Agency of Province of Jakarta Special Capital Region.

Keywords: Performance, Competency, Leadership, Innovation Management

Performance of Human Resource is able to affect the progress of a country, particularly on providing a proper and efficient public service delivery. One example of countries that considers the importance of effective and efficient employee performance is Indonesia, where the community satisfaction level becomes the benchmark whether the service given by the employee satisfies or disappoints public as the public service user.

The development of public service which certain, professional, fast, accountable, and clear in this globalization era is highly needed by public. The ability of an organization in that matter is one of the very important competitiveness factors. When an organization is trying to develop its business, it requires a very broad knowledge of each of the existing personnel to be able to compete and survive. In order to realize the vision of the Governor and Vice Governor of DKI Jakarta Province of the Period 2012 – 2017, namely New Jakarta, a modern city which is neatly arranged, into a decent shelter and humane, has a cultured society, and under a public service-oriented government and based on the Regional Government of DKI Jakarta Province No. 12 Year 2015 regarding the implementation of One Stop Service (PTSP) and Regulation of Governor of DKI Jakarta Province No. 57 Year 2014 as having been amended by
the Regulation of Governor of DKI Jakarta Province Number 7 Year 2016 regarding the implementation regulation of One Stop Service Agency to facilitate and simplify both licensing and non-licensing bureaucracy.

Indonesia is not yet considered as a country that provides the easiness in investment. That is, among other things, seen from the international assessment over the business climate in Indonesia, as in the report of Doing Business prepared by IFC in 2014. In the study, as a city with the largest economy, DKI Jakarta is used as the representation of Indonesia is ranked 120th from 189 countries in the ease of doing a business (EODB) in general. In fact, especially for the aspect of easiness in starting a business, the rank is much lower namely 175 or drop 9 ranks compared to 2013 which was at the 166th rank. Based on the latest World Bank data, after 2015 the Indonesian EODB rank was up to be 106th rank and in 2016 was up to be the 91st World rank after many of Regional Governments, Institutions and Ministries established One Gate Service (PTSP).

The low performance of apparatus (bureaucrat) which causes the low rank of ease to start a business is with regard of the complexity of business licensing bureaucracy in this country. Based on World Bank research data, refers to a number of primary indicators used by IFC< the phase to start a business is characterized by many procedures (10 phases), length of time (48 days) and the magnitude of relative cost (as much as 20.5% of the income per capita) which must be fulfilled by an investor candidate. Duration of administration in 2014 is one day later and 2.2% cheaper compared to the previous year. This indicates there was no improvement on the ease in starting a business in Indonesia over the past year. The condition puts Indonesia far from the average countries in East Asia and Pacific (7 procedures, 37 days) in the ease to start a business. [1]

The rampant of extortion (pungli) over the licensing and non-licensing administration in DKI Jakarta make the poor level of ease and public satisfaction. The study of Doing Business (ease to business) also shows that duration of permit administration in Indonesia, is resulted by the length of permit administration procedures that becomes the authority of Government of DKI Jakarta Province (Figure 1).

Source: Doing Business 2014, IFC
Figure 1. Time and cost in starting business in Jakarta

Based on the mandate of Regional Regulation of DKI Jakarta Province No. 12 Year 2013 regarding the Implementation of One Stop Service (PTSP) then One Stop Service Agency (BPTSP) of DKI Jakarta Province is established as a revolution of public service driver that is Professional, Accountable, Polite, Transparent, and has Integrity (PASTI) and to provide solution and ease administration for Licensing and Non-Licensing for DKI Jakarta society. However, as a new institution, the One Stop Service Agency (BPTSP) of DKI Jakarta Province has several obstacles among other things: there are Regional Apparatus Working Units (SKPD) who reluctant to cooperate with BPTSP in providing technical recommendation supports in licensing and non-licensing completion, there are still extortions (pungli) carried out by technical Regional Apparatus Working Unit (SKPD) though the licensing authority has already been submitted to BPTSP, threats and “game” of illegal service bureau (brokers) against BPTSP officers to reduce the officers’ integrity, there is no sufficient Human Resources, lack of availability of information technology infrastructures to realize excellent service so it less satisfies the society, there is no clear and uniform Service Standard (SP) in each service point in Municipality/Regency, Sub-Regency and Village levels.

In line with the description above, this research is limited to the influence of competence, leadership, and management innovation over the performance of officials of echelon IVB of One Stop Service Agency of DKI Jakarta Province. The researcher was necessary to improve the employee’s working satisfaction as to control those who are divided into 5 areas of Administration City and 1 Administration Regency is not easy, they indeed have a direct superior but to synchronize perception on organization vision and mission sometimes can not be represented by other person. It is important to go around to each area or to hold regular meeting with staff to provide scientific solution for improving the performance of the officials and organization performance in the end.

Next we will discuss the theory review of the four variables above. Performance comes from the word performance which is translated to be job achievement or accomplishment. There are various opinions according to experts about performance. Armstrong conveys, “Performance is often defined simply in output terms the achievement of quantified objectives. But performance is matter not only of what people achieve but also how they achive it.”\[2\] Based on the definition, performance if the achievement of quantified outcome target. More than that, performance is not only to the issue of what is desired to be achieved by a group of people but also how they acquire it.

Campbell defines that job performance is formally defined as the value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment.\[3\] This definition states that performance is formally defined as value of a set of behavior of employee that contribute both negative and positive to achieve organization objective. It means that performance management is comprehensive and includes all elements or inputs must be utilized by organization to improve the organization performance.
According to McShane and Glinow, in certain situation, the category of performance is behavior of organization members which is not only conduct normal duties, but also where organization members must help each other, unselfish, and give contribution in each organization job. Subsequently, Jason A. Colquitt, Jeffery A. LePine, and Michael J. Wesson conclude:

‘Job performance is formally defined as the value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment. This definition of job performance includes behaviors that within the control of employees, but it places a boundary on which behaviors are (and are not) relevant to job performance’.[4]

Colquitt et al, states that formal performance is value upon employee’s behavior that gives contribution both positive and negative for objective achievement. In this matter, definition of performance covers control between relevant performance behaviors over workers.

Further, Ivancevich, Konopaske, and Matteson found that Work behavior is anything a person does in the work environment. This behavior contribute to productivity. The individual behaviors are classified as hereditary and diversity factors, personality, ability, and skill, perception, and attitudes, that impact key work behaviors such as employee productivity, creativity, and performance.[5]

In the opinion of Ivancevich et al, work behavior is something or action of a person in carrying out job in a work environment. Individual behavior is classified as difference factors, hereditary, personality, ability, skill as well as perception and attitude towards duties that have impact work behavior such as productivity, creativity, and employee’s performance.

Further, Armstrong argued that Performance is the achievement of quantified objectives. But not only what people achieve but how they achieve it. The accomplishment, execution, carrying out, working out of anything ordered or undertaken.[6] Armstrong stated that performance is a measurable objective achievement. It does not only include what is achieved, but also how to achieve it.

Based on the above description, employee’s performance is the work achievement or outcome of employee’s accomplishment in conducting or completing duties being coordinated by a department head, an office head or a unit head of One Stop Service (PTSP) in Sub-Regency and Village levels to achieve objective.

Therefore, it can be synthesized that the definition of performance is an achievement of work outcome in accordance with the work load given by a leader to his/her subordinate through a work process has been determined within a certain time by dimension of: (1) persistence and diligence in conducting duties, (2) achievement of individual, team, and organization performance target in accordance with output target of licensing and non-licensing has been planned and stipulated and (3) increase of satisfactory level of Jakarta society towards the service in licensing and non-licensing.

Competence is able to be described as an ability to conduct one duty, role or task, an ability to integrate knowledge, skills, attitudes and personal values, and
an ability to develop knowledge and skill that is based on experience and learning conducted.

Furthermore, according to Spencer & Spencer, A competency is an underlying characteristic of an individual that is causally related to criterion referenced effective and or superior performance in a job or situation.\footnote{[7]} Based on Spencer & Spencer, competence is a characteristic that underlies a person in relation to individual performance effectiveness in his/her job or individual basic characteristic that has causal relation or as cause and effect with criteria to be used as reference, effective, or excellent or superior performance at work place or in a certain situation. Based on this definition of competence, there are several meanings contained therein as follows. (1) Underlying characteristic means competence as a part of deep and inherent personality to a person and has behavior that is predictable in various conditions of job duties. (2) Causally related means competence is able to cause or to be used to predict a person’s performance, which means that if a person has high competence, he will also have high performance (as a result). (3) Criterion referenced that is used as reference, that competence factually will predict a person to work well, must be measured and specific or standardized, for example criteria of selling volume that can be produced by a salesman is 1,000 pieces/month or a finance manager is able to earn profit 1 billion/year.

Spencer & Spencer stated, A competency is an underlying characteristic of an individual that is causally related to criterion referenced effective and or superior performance in a job or situation. According to Spencer & Spencer, competence is a characteristic that underlies a person in relation to individual performance effectiveness in his/her work or individual basic characteristic that has causal relation or as cause and effect with criteria to be used as reference, effective, or excellent or superior performance at work place or in certain situation.

Based on the description above, competence is an individual basic characteristic which by causality is related to knowledge, skill, ability, behavior, attitude, value, personal characteristic, perception and motivation that make an employee is able to conduct duties and work role.

Therefore, it can be synthesized that the definition of competence is an ability belongs to a person to carry out a role or duty and to integrate knowledge, skills, attitudes and personal values, which area based on to experience and learning to perform certain duties or function in an organization, by dimension of (a) personal character with indicator (1) consistency, (b) self-concept dimension with indicator: (1) attitude, (2) value system, (c) knowledge dimension with indicator (1) information, (2) work scope, (d) dimension of skill with indicator (1) ability to accomplish technical duties, (2) ability to accomplish managerial duties.

Ivancevich, et al stated definition of leadership as the following: “Leadership is an attempt to use influence to motivate individuals to accomplish some goals”.\footnote{[8]} Based on such definition it is seen that leadership is an effort to use influence to motivate people in order to achieve objectives. Other meaning of the definition is that leadership has relation to the importance of a leader as a change agent, namely that a leader is able to influence behavior and performance of subordinates or followers in order to achieve mutual objective. An effective
leader that has leadership competence and will be able to manifest success to the organization she/he leads.

Edwin Ghiselli in Ivancevich, et al identifies several personality traits that are associated with effectiveness of a leader. Ghiselli finds that an ability to take action independently is correlated to a position or title of a person in an organization. The higher a person’s position, the more important this character traits. [9]

Scermerhorn, Hunt, and Osborn said "Leadership is special case of interpersonal influence that gets an individual of group to do what the leader wants done". [10] This means, leadership is a leader’s special interpersonal influence which is able to influence a group to carry out his desires. The important factors in leadership are to influence or control mind, feeling or behavior of others.

Similarly, Shane and Glinow argued that "leadership is about motivating, and enabling others to contribute toward the effectiveness and success of the organization of which they are member." [11] Intention of the statement is that leadership is a process. In order to be able to lead, a leader must carry out one of actions by persuading others towards a mutual target. However, it does not mean that leadership is always a planned activity and intentionally conducted, it is often that leadership occurs spontaneously.

Leadership is a relation concept, where there is only relation process with other people. If there are no followers, there will be no leaders. The larger number of follower, the larger influence, which more succeed in objective achievement, more pronounced leadership. As said by Bateman and Snell as follows “a leader is one who influences others to attain goals. The greater the number of follower, the greater the influence. And the more successfull the attainment of worthy goals, the more evident the leadership”. [12]

Meanwhile, Colquitt, LePine, and Wesson, conveyed “we define leadership as the use of power and influence to direct of activities of followers toward goal achievement”. [13] That means that leadership as the use of power and influence to direct the followers’ activities towards objectives achievement.

According to Goetsch dan Davis, “Leadership is the ability to inspire people to make a total, willing, and voluntary commitment to accomplishing or exceeding organizational goals”. [14] Intention of the definition is leadership is an ability to inspire people to make total commitment, willingness, and voluntarily achieve or exceed an organization purposes.

Based on the concepts have been described above, it can be synthesized that leadership is an art to influence, coordinate (harmonize / synchronize), motivate, drive, and to support others to contribute towards an achievement through process of interaction and communication between leader and employee, with dimension to influence, coordinate, drive, support and making of service.

Innovation in an organization, is defined as the application of new ideas, which are manifested in products, processes, services, or in organization work, management system or marketing. Organization transformation is a need as organization must survive and then develop to fulfill customers’ need. Therefore,
innovation is highly required in an organization. In order that a change called innovation can be success, organization should avoid the matters cause failures.

Birkinshaw, Hamel and Mol define “management innovation as the invention and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals”. \[15\] Management innovation as a discovery of new technique in management implementation, with practice, process, or new structure that aim to achieve organization objectives.

Management of innovation, is aimed to making an organization management to be more flexible and volatile in facing the change of organization environment condition. In the context of organization and management, application of new matters in various forms will have implication to the change in the form of idea, practice, or certain object/thing considered new by an adopting person or unit/group. Therefore, innovation is not necessarily something that completely new objectively, but subjective view that considers that new thing is a basic idea of an innovation concept. Application of something new, either idea, practice or object will make that something different from the existing at that time or from the existing previously, and this indicates that there has occurred a change.

The description of concept above may be synthesized that management innovation is a discovery of new technique or development of management implementation by practice, process, or new structure which are aimed to achieve organization objectives with indicator: discovery of new technique or development of management implementation and have impact to a better change.

Based on the Theoretical Study and as prescribed above, the research hypothesis submitted are as follows: (1) Competence has positive influence on the performance of structural officials of echelon IVB. (2) Leadership has a direct positive influence over the performance of structural officials of echelon IVB. (3) Management innovation has a direct positive influence over the performance of structural officials of echelon IVB. (4) Competence has a direct positive influence over management innovation, and (5) Leadership has a direct positive influence on the management innovation.

**METHOD**

This research uses survey methodology and the sample is taken by using simple random sampling method which is processed by. The survey result will be processed by using Path Analysis Method uses software Microsoft Excel 2010, SPSS v.20, and Lisrel 8.72 which later will produce level of influence of the independent variable against dependent variable to proof the hypothesis correctness.

**RESULT AND DISCUSSION**

Table 1. Summary of the Result of Hypothesis Testing of Equalization Model of Structure 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients$^a$</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
</table>


Table 2. Summary of Result of Hypothesis Testing of Equalization Model of Structure 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>75,039</td>
<td>14,004</td>
<td>5,35</td>
<td>0.000</td>
</tr>
<tr>
<td>1</td>
<td>X1_Kompetensi</td>
<td>0.214</td>
<td>0.105</td>
<td>2.04</td>
</tr>
<tr>
<td></td>
<td>X2_Kepemimpinan</td>
<td>0.166</td>
<td>0.073</td>
<td>2.27</td>
</tr>
</tbody>
</table>

Based on the calculation and testing of patch coefficient, it is acquired the calculation and testing result, namely the influence among variables as follows:

(1) Competence (X1) has direct positive influence over the Performance of Sturctural Official of Echelon IVB (Y) it is obtained coefficient of $p_{y1}$ path of 0.250 with $t_{hitung}$ value of 2.450, while $t_{table}$ is 1.993 ($\alpha = 0.05$), as $t_{hitung} > t_{table}$ ($\alpha = 0.05$), then H0 is rejected. The result of this hypothesis testing shows that there is direct positive influence of Competence (X1) over Employee performance (Y).

(2) Leadership (X2) has a direct positive influence on the Performance of Sturctural Official of Echelon IVB (Y) is obtained coefficient of $p_{y2}$ path of 0.234 with $t_{hitung}$ value of 2.274, while $t_{table}$ is 1.993 at $\alpha = 0.05$, due to $t_{hitung} > t_{table}$ ($\alpha = 0.05$), then H0 is rejected. The result of this hypothesis testing shows that there is a direct positive influence of Leadership (X2) on the Performance of Sturctural Official of Echelon IVB (Y).

(3) Achievement Innovation (X3) has direct positive influence over the Performance of Sturctural Official of Echelon IVB (Y) is obtained that the coefficient of $p_{y3}$ path is 0.322 with $t_{hitung}$ value of 3.100, while $t_{table}$ is 1.993 ($\alpha = 0.05$), due to $t_{hitung} > t_{table}$ ($\alpha = 0.05$), then H0 is rejected. The result of this hypothesis testing shows that there is direct positive influence of Management Innovation (X3) over the Performance of Sturctural Official of Echelon IVB (Y).

(4) Competence (X1) has direct positive influence over Management Innovation (X3) is obtained that the coefficient of $p_{31}$ path is 0.230 with $t_{hitung}$ value of 2.045,
while $t_{label}$ is 1.993 ($\alpha = 0.05$), due to $t_{hitung} > t_{label}$ ($\alpha = 0.05$), then $H_0$ is rejected which means that Competence ($X_1$) has a direct positive influence over Management Innovation ($X_3$). (5) Leadership ($X_2$) has direct positive influence over Management Innovation ($X_3$) it is obtained that the coefficient of $p_{32}$ path is 0.256 with $t_{hitung}$ value is 2.276, while $t_{label}$ is 1.993 ($\alpha = 0.05$), due to $t_{hitung} > t_{label}$ ($\alpha = 0.05$), then $H_0$ is rejected, which means that Leadership ($X_2$) has direct positive influence over Management Innovation ($X_3$).

**DISCUSSION**

![Figure 2. Scheme of Research](image-url)

Description:

- **$X_1$**: Competence
- **$X_2$**: Leadership
- **$X_3$**: Management Innovation
- **$Y$**: Performance of Structural Official of Echelon IVB

Based on the findings above, the discussion of the result of research are as follows: (1) Competence has a positive influence on the Performance of Structural Official of Echelon IVB, the data show that Competence has a positive influence on the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province. Therefore, the better Competence in the One Stop Service Agency of DKI Jakarta Province, the higher the Performance of Structural Official of Echelon IVB. (2) Leadership has a positive influence over the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province, it is obtained that Leadership has positive influence on the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province. Therefore, the better Leadership in the One Stop Service Agency of DKI Jakarta Province, the higher the Performance of Structural Official of Echelon IVB. (3) Management Innovation has positive influence on the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province, it is obtained that Management Innovation has a positive influence over the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province. Therefore, the better Management Innovation in the One Stop Service Agency of DKI Jakarta Province, the higher
the Performance of Structural Official of Echelon, this result is in accordance with the hypothesis submitted. (4) Competence has positive influence on Management Innovation, it is obtained that Competence has positive influence over the Management Innovation available in the One Stop Service Agency of DKI Jakarta Province. Therefore the better Competence available in the One Stop Service Agency of DKI Jakarta Province, the higher the Management Innovation, this result is in accordance with the hypothesis submitted. (5) Leadership has positive influence over Management Innovation, it is obtained that Leadership has a positive influence on Management Innovation in the One Stop Service Agency of DKI Jakarta Province. Therefore the better Leadership available in the One Stop Service Agency of DKI Jakarta Province, the higher Management Innovation, this result is in accordance with the hypothesis submitted.

CONCLUSION

Based on the above findings, it can be concluded that (1) Competence has positive influence on the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province. It means that the improvement of Competence will cause the increase of Performance of Structural Official of Echelon IVB. (2) Leadership has positive influence on the Performance of Structural Official of Echelon IVB of One Stop Service Agency of DKI Jakarta Province. It means that the improvement of Leadership will cause the increase of the Performance of Structural Official of Echelon IVB of One Stop Service Agency of DKI Jakarta Province. (3) Management Innovation has a direct positive influence on the Performance of Structural Official of Echelon IVB of One Stop Service Agency of DKI Jakarta Province. It means that the improvement of Management Innovation will cause the increase of the Performance of Structural Official of Echelon IVB of the One Stop Service Agency of DKI Jakarta Province. (4) Competence has a direct positive influence on Management Innovation. It means that the improvement of Competence will cause the improvement of Management Innovation. (5) Leadership has direct positive influence over Management Innovation. It means that the improvement of Leadership will cause the improvement of Management Innovation.

References


