THE EFFECT OF COMPETENCE AND DISCIPLINE ON WORK MOTIVATION AND IMPACT ON EMPLOYEE PERFORMANCE OF PRATAMA TAX OFFICE IN MALANG UTARA

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ABSTRACT

Employee performance of Pratama Tax Office at North Malang was affected by competence, discipline and work motivation to serve taxpayers. Therefore, this study will examine the effect of competence and discipline on work motivation and the impact on employee performance. This research was conducted at Pratama Tax Office at North Malang. The samples were 92 respondents. Data was collected using a questionnaire and completed by respondents themselves. The obtained data was analyzed by path analysis to determine the effect of each variable. This study produced seven findings. First, Competence directly affects on Work Motivation. Second, Discipline directly affects on Work Motivation. Third, Competence directly affects on Employee Performance. Fourth, discipline directly affects on employee performance. Fifth, work motivation directly affect on employee performance. Sixth, Competence indirectly affect on employee performance mediated by work motivation. Seventh, Discipline indirectly affect on employee performance mediated by work motivation

KEYWORDS: Pratama Tax Office, Competence, Discipline, Performance Motivation.

INTRODUCTION

Tax was the largest source of revenue for State of Indonesia. It was the state excellent revenue. Tax becomes the backbone of country income, after oil and gas sector. Tax was the main source of government revenue to finance routine and development expenditures as stated in State Budget of Revenue and Expenditure. On other hand, national tax revenue for more than 5 years does not reach the target. It was a problem that must be resolved. Some problems have caused many organizations fail, including the Directorate General of Taxes, both caused by inability to adapt to technological advancements and poor work results of human resources, even though humans must admit were important factors which also determine the performance of an organization. Pratama Tax Office at North Malang which as part of Directorate General of Taxation for 2014 2016 has not yet reached the target, but for 2017 tax year, Pratama Tax Office at North Malang reaches the target through performance improvement.

Performance was something should to achieve, achievements shown and ability of one's work. The tax employee was the executor of some administrative duties in tax office. With this role, duty of tax employee was mostly based on operational matters. Performance improvement involves many things, including competence (Makawi, 2015), discipline (Azis, 2016) or work motivation (Dwiyanti and Sarwoko, 2015).

Competence was a determinant of employee performance. However, competency without high motivation cannot achieve optimal performance. Therefore, good performance can be achieved if a person has high motivational competence. Motivation was important because it causes and support human behavior to work hard and enthusiastically achieve the optimal results. This encouragement causes employees to try to achieve goals both consciously and unconsciously, which also causes employees to behave and improve the performance (Rahmi and Wulansari, 2017).

Discipline was also one indicator to affect performance improvement (Dwiyanti and Sarwoko, 2015). Discipline makes employees be more motivated to work so that their performance will be better, employees who have discipline will have better performance that can build employee motivation. The discipline must be built on every employee starting from an early age (Suyanto, 2018).

Pratama Tax Office at North Malang as a vertical organization of Directorate General of Taxes, directly responsible to Head of East Java DGT III Regional Office. It has the task to do services, administrative supervision and simple checks on Taxpayers in fields of Income Tax, Value Added Tax Sales Tax on Luxury Goods, Land and Building Taxes, Land and Building Acquisition Fees as well as Other Indirect Taxes within their jurisdiction based on applicable laws and regulations.

Getting community support should get public trust. High performance was a prerequisite for creation of professional officers. In this case, employee performance was affected by many factors, some of which were work discipline, competencies, and work motivation. The employees competence of Pratama Tax Office at North Malang was supported by employees selection that were mostly from STAN graduates with a rigorous level of selection. Employee work discipline was also good; this was indicated by longer working hours compared to other employees who leave early. Employees were also disciplined to enter and go home on time. The performance of Pratama Tax Office at North Malang was also quite interesting in view of its ability to complete work above the average of other Primary Tax Service Offices. This situation was interesting for further investigation. Based on these conditions this study examines the effect of compensation and discipline on work motivation and the impact on employee performance at Pratama North Tax Office.

LITERATURE REVIEW

Competence

Wibowo (2007: 86) defined competence as "An ability to carry out or do a job or task based on skills and knowledge and was supported by work attitude demanded by job". Rumanti (2009) defined Competence as defined as a benchmark to determine the extent to which a person's ability to use knowledge and skills or abilities. Competence was knowledge, skill, ability, or things related to high performance in work, such as problem solving, analytical thinking, or leadership. Some competency indicators were as follows (Robbins and Timothy, 2008):

1. Planning Competence
2. Influence Competency
3. Communication Competency
4. Interpersonal Competency
5. Thinking Competency
6. Client Service Competency

7. Self Management Competency
8. Technical / Operational Competency

Discipline

Hasibuan (2013: 194) defines discipline as a condition where employees always come and go home on time, do all their work properly, and comply with all applicable company regulations and social norms. Handoko (2014) explained that discipline was a person's willingness to work with his own awareness to follow the rules that apply in an organization. These were used as indicators of research. The three points were below.

1. Always come and go home on time
2. Do all the work well
3. Comply with all organizational rules and applicable norms

Work motivation

Work motivation was an impulse to gives the stimulant power to employee to make employee works with all his power and effort (Manullang, 2014). Motivation was a condition to encourage or becomes because someone does an action / activity, which takes place consciously. This understanding departs from main principle that someone only does an activity (Nawawi, 2003).

Work motivation indicators from Nawawi (2003) were the most appropriate indicators in this study. The indicator consists of five measurement items, namely fun work and allows achieving a goal. Both indicators were indicators of intrinsic motivation. The other three indicators were promotion opportunities, appropriate salary / wages and rewards and penalties. This indicator was an extrinsic indicator.

Performance

Mathis and Jackson (2012) define performance as what employees do or don't do. Performance was a description of achievement level of an activity / program / policy in realizing the goals, objectives, mission, and vision of organization in strategic planning of an organization. The performance of government agencies was a description of achievement level. Illustration of vision, mission, and strategy of government agencies identify the level of success and failure in implementation of activities according to programs and policies set (Supriyanto, 2009: 239).
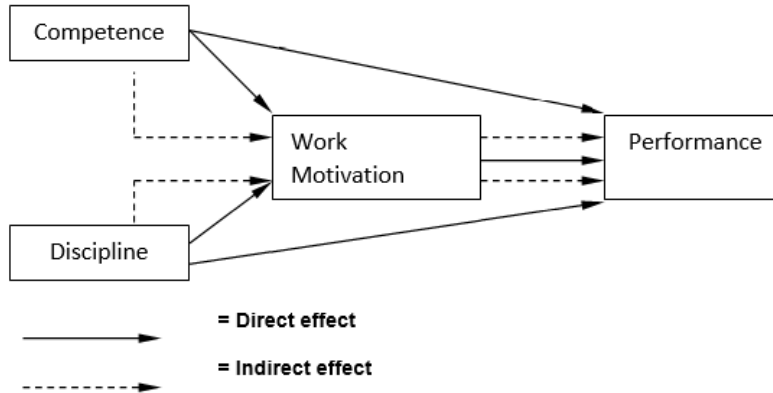
Performance measurement was the process to evaluate the progress of work towards predetermined goals and objectives (Robertson, 2009: 25). Whittaker (2009) defined performance measurement was a management tool to improve the quality of decision making and accountability. Performance measurement was also used to assess the achievement of goals and objectives. Mathis and Jackson (2012) show there were five elements to identifying and measuring employee performance, namely:

1. Quality of results
2. Quantity of results
3. Timeliness of results
4. Presence
5. Ability to work together

Based on some notions of performance and measurement, authors limit performance problems and their measurement was only on performance for public sector organizations because the object of research was one of government agency offices.

Based on problem formulation, research objectives and research framework, the research conceptual can be presented in Figure 1 below.

Figure 1. Conceptual Framework

Based on problem formulation, research purpose and framework, the hypothesis can be formulated below.

H1: Competence directly affects on employee work motivation of Pratama Tax Office at North Malang.

H2: Discipline directly affects on work motivation of employees of Pratama Tax Office at North Malang.

H3: Competence directly affects on employees performance of Pratama Tax Office at North Malang.

H4: Discipline directly affects on employees performance of Pratama Tax Office at North Malang.

H5: Motivation directly affects on employees performance of Pratama Tax Office at North Malang

H6: Competence indirectly affect on employee performance mediated by work motivation

H7: Discipline indirectly affect on employee performance mediated by work motivation

METHOD

Location

The study was conducted at Pratama North Malang Tax Office. This was done because the location has a phenomenon that employee's performance was good and some were not good. The factors affecting the performance of Civil Servants at Pratama Tax Office in Malang North were something interesting to study. In addition, this location was chosen because the North Malang Pratama Tax Service Office showed performance above the average of other tax offices in Indonesia, so it was necessary to study whether competency and discipline had an effect on motivation and how it affects employee performance.

Research Design

The research design was a structured work plan in a relationship between variables in a comprehensive manner, so that results of research can provide answers to research questions. The planning includes the things that researchers will do starting from making hypotheses and their implications operationally to final analysis.

Populations and Samples

The study population were all employees of North Malang Pratama Tax Service Office totalling 92 employees. If the number of subject members in population was less than 100 people and in data collection using a questionnaire, it was better that all subjects are taken as samples (Arikunto, 2013). Because the population was 92 people, then in this study all populations were used as respondents.

Types and Data Sources

The data type can be divided into two types, namely quantitative data and qualitative data. The data sources used in this study can be classified into two, namely primary data and secondary data.

Data collection technique

Data collection in this study uses a questionnaire. Data was collected by distributing questionnaires with five point likert scale contained a list of questions about competency, discipline, motivation and employee performance variables.

Identification of Research Variables

This study uses three types of research variables that will be measured, namely the independent variable of Competence (X1) and Discipline (X2). The dependent variable was the Employees performance (Y). The intervening variable was the Work motivation (Z).

Data Analysis Techniques

The data analysis technique used in this study was descriptive statistical analysis and inferential statistics. To test the hypothesis, path analysis statistical test was used. This selection was based on consideration that this method was able to provide clarity of effect or relationship and magnitude between research variables (Ferdinand, 2014). The computer software used was the SPSS version 20.0 for Windows.

RESULTS

Overview of Research Objects

On December 4, 2007 it was determined when to begin began the operation of Pratama Tax Office at North Malang together with Pratama Tax Office at South Malang and other Pratama Tax Office in environment of East Java DGT III Regional Office. Previously the North Malang KPP Pratama work area was part of Malang Primary Tax Office consisting of 5 sub-districts. After the reorganization, two sub-districts became the working area of North Malang KPP Pratama.

Respondents Characteristics

The 92 respondents were selected from North Malang Pratama Tax Office in Malang, with consideration to find out more about the personalization of each individual character studied in this study. Total 92 questionaries were sent to respondent and 90 returned to be further analyzed. The Pratama North Malang Tax Office has more male employees, 62 people or 79% compared to women who number 28 people or 31%. The majority of respondents were between 31 and 40 years old, which were 31 people (41%), followed by 41 to 50 years old as many as 24 people (27 %%), ages 21 to 30 years as many as 19 people (21%) and finally at age level of more than 50 as many as 6 people (7%). The education level of employees at Pratama North Malang Tax Office has mostly reached the Bachelor level, with a total of 38 people or 46%. While the Diploma level education was 38 people or 41%. The third most was the S2 with a total of 8 people or 9%. In addition, there were still administrative staffs with junior secondary education even though there were only 3 people or 3%.

Validity and Reliability Testing

The validity testing of items with indicators from each variable used in this study were valid, as indicated by a significant coefficient correlation value of 0,000. All instruments were

reliable, as indicated by cronbach's alpha value greater than 0.6 so it can be said to be reliable

Path Analysis Assumption Test

The results of survey data were spread around the regression line, so the data was said to be normally distributed so that assumption of normality was fulfilled. Each independent variable does not occur multicollinearity by showing the VIF value of each independent variable smaller than 10. The points spread above and below zero and do not form a specific pattern. Therefore it can be said that data obtained do not show signs of heteroscedasticity so that further analysis can be carried out. Autocorrelation test was not necessary because the research data were in form of time series.

Hypotheses Testing

Hypotheses were tested by path analysis. Data was processed using SPSS (Statistical Product and Service Solutions) version 20 for Windows. The complete results were presented table 1.

Table 1. The Relation between Variables

		Direct	Indirect	TOTAL
From X1		To Z = 0,394	0,00	0,394
		To Y = 0,429	To Y Mediated by Z = 0,394 x 0,671 = 0,264	0,693
From X2		To Z = 0,397	0,00	0,397
		To Y = 0,523	To Y Mediated by Z = 0,397 x 0,671 = 0,266	0,789
From Z		To Y = 0,671	0,00	0,671

Source: Primary data processed

The calculations it can be explained below.

1. There was a positive direct effect of X1 on Z at beta coefficient of 0.394 and significant. These results prove that H1 hypothesis was accepted.
2. There was a positive direct effect of X2 on Z at beta coefficient of 0.397. These results prove that H2 hypothesis was accepted.
3. There was a positive direct effect of X1 on Y at beta coefficient 0.429 and significant. These results prove that H3 hypothesis was accepted.
4. There was a positive direct effect of X2 to Y at beta coefficient 0.523 and significant. These results prove that H4 hypothesis was accepted.
5. There was a positive direct effect of Z to Y at beta coefficient 0.671 and significant. This result proves that H5 hypothesis was accepted.
6. There was a positive effect of X1 to Y mediated by Z at beta coefficient 0.693 and significant. This result proves that hypothesis H6 was accepted.
7. There was a positive direct effect of X2 to Y mediated by Z at beta coefficient 0.789. These results prove that H7 hypothesis was accepted.

DISCUSSION

Research results above show that employee competency has a direct and significant effect on Work Motivation of Pratama Tax Office in Malang. This means that increasing Competencies to employees of Pratama North Tax Office will increase the employee

motivation. This study findings support Eleine et. al. (2015) that competency was needed by employees in order to make improvement. Higher Work Motivation can support the performance of Primary Malang Tax Office employees. This opinion was reinforced by Makawi (2015) and Rahmi (2017) that high competence and human resource development have an effect on Work Motivation.

Discipline also shows a direct and significant effect on Work Motivation of Pratama North Tax Office employees in Malang. This means that discipline shown by head of North Malang Pratama Tax Office will have an impact to increase employee motivation. This study findings support Azis (2016) and Dwiyanti (2016) that discipline that employees have was able to improve employee motivation.

The employee competency has a direct and significant effect on performance of Pratama Tax Office in North Malang. This means that increasing the Competency of Pratama Tax Office in North Malang employees it will increase employee service and morale. The findings of this study consistent with Suyanto (2018) that employee competency can improve employee performance when using the intensity, timing and right approach. This statement was supported by Elaine et. al. (2015) and Makawi (2015) that organizations that have employees with high competencies were more likely to increase Work Motivation and employee performance.

Discipline also shows a direct and significant effect on performance of Pratama Tax Office in North Malang. This means that high discipline of Pratama Tax Office in North Malang will have an impact on increasing professionalism to provide the best contribution in performance improvement. Suyanto (2018) said that Discipline has functions as an appropriate way to improve employee performance. Azis (2016) and Dwiyanti (2016) also prove that employees who have high discipline tend to show better performance

Employee motivation has a direct and significant effect on performance of Pratama Tax Office in North Malang. This means that higher Employee Motivation can improve the performance of Pratama Tax Office in North Malang. The findings of this study support Suyanto (2018) and Dai (2018) that Work Motivation and human resource development can improve employee performance.

Testing the indirect effect of Competence on performance of Pratama Tax Office in North Malang through Work Motivation shows that there were indirect and significant affect with a coefficient of 0.693. The results of this indirect effect show a greater value compared to direct effect which was also significant (0.394). This shows that through the Work Motivation variable, indirect effect of Competence on performance becomes even greater.

Testing the indirect effect of Discipline on performance of Pratama Tax Office staff in North Malang through Work Motivation shows there were indirect and significant effect with a coefficient of 0.789. The results of this indirect effect indicate a greater value than the direct effect which was also significant (0.523). This shows that through the Work Motivation, indirect effect of Discipline on performance of Pratama Tax Office in North Malang was larger. This study results were in line with Suyanto (2018) which states that process of increasing competence and discipline based on Work Motivation will produce superior employee performance compared to average employee performance.

CONCLUSION

This research was a media to describe the effect of Competence and Discipline on Work Motivation and the impact on employee performance of Pratama Tax Office staff in North Malang, East Java. The results of data analysis have been described in study results and discussion to produce the conclusions as follow; 1) Competence directly affect on Work Motivation. 2) Discipline directly affect on Work Motivation. 3) Competence directly affects on Employee Performance variable. 4) Discipline directly affects on employee performance variable. 5) Work motivation directly affects on employee performance variable.6)

Competence indirectly affect on employee performance mediated by work motivation. 7) Discipline indirectly affect on employee performance mediated by work motivation.

Based on above conclusions, the suggestions are; 1) For Pratama Tax Office in North Malang; (a) Increasing work motivation and employee performance needs to be done by increasing employee competency and discipline. Therefore, in serving the public, they must maintain or even improve employee competencies and discipline in order to increase work motivation and employee performance. (b) Improvement of employee performance and Work Motivation can be done by considering competency and discipline, but judging from contribution given from model, it was still necessary to consider other factors (which were not examined in this study) to maximize the effect of work motivation and employee performance. Other factors to evaluate employee performance appraisal was a more comfortable work environment or compensation that also needs to be evaluated. 2) Future researchers should were expected to carry out further research regarding the generalization of theory by adding three things. First, sample variation was carried out by including all samples of Primary Tax Offices in East Java in particular and throughout Indonesia in general. Second, adding research variables that have not been included in this study. Third, using alternative use analysis tools that can provide specifications for solving problems related to problem to increase Work Motivation and employee performance.

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