IMPROVING THE PERFORMANCE OF VILLAGE SECRETARY ON THE BASIS OF TRAINING, FINANCIAL INCENTIVE, MONITORING AND EVALUATION (A case study in village government in Demak district)

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Abstract:
The present study aimed to test a model in which training predicts professional competence and village secretary performance that were moderated by financial incentives and monitoring and evaluation. A total of 164 respondents from the village government office of Demak district completed questionnaires on training, professional competence, financial incentives, monitoring and evaluation, and village secretary performance. The results from structural equation modeling based on smartPLS 3.0 confirmed that 1) training was positively related to professional competence and village secretary performance; 2) professional competence was positively related to village secretary performance; and 3) financial incentives and monitoring and evaluation moderated the relationships between training and village secretary performance.

Keywords: Training, Professional competence, Financial incentives, Monitoring and evaluation, village secretary performance

INTRODUCTION
Organizations are facing increasing competition due to globalization, technological change, political and economic environment (Evans, et al., 2002). To suit this, organizations need to train their employees as a way to prepare them to adapt and improve their performance. Training is an organized effort of an employee to gain efficient performance in one or several activities (Ahmad and Bakar, 2003). This is seen as very important, since empirical facts show that organizational growth is not only supported by technological improvements or a combination of factors of production but is also supported by training and human resource development within the organization.
The study of the relationship between training and performance has gained much attention over the last few decades, although there is still debate over the research gap between the two. Furthermore, there is documented evidence that training activities have a positive effect on individual performance and team performance.

By looking at the existing phenomena in the field, especially human resources working in the village government office have not shown maximum performance.

Several types of training have been implemented, such as training on the preparation of Medium Term Development Plan (MTDP), Village Government Administration Development (VGAD), Village Administration Boundary Mapping and Setting (PPBAD), and Village Market Management Training have not been able to encourage professional competence, which in turn will improve the performance of village devices.

REVIEW OF LITERATURE

Performance

Performance is defined as “the extent of actual work performed by the individual” or the extent to which real work is performed by individuals (Shore, 1990). Performance is the result achieved by workers in their work according to certain criteria that apply to a particular job. Robbins (1998) states that performance is a function of the interaction between ability and motivation. While Dulbert (2007) views performance as a success center of responsibility or personnel in realizing the strategic goals set with the expected behavior.

Performance is a contribution to the final result of an organization in relation to resources spent, and must be measured by qualitative and quantitative indicators (Sultana et al., 2012). Goss (1994) in Yamoah and Kiyo (2013) explains that employee performance is a measure that can be used to define the comparison for results of task performance, responsibilities imposed by the organization for a certain period of time and can be used to measure work performance or organizational performance. Thus performance is the result of the relationship between effort, capability, and tasks that the organization has imposed (Timpe, 2002).

Employee performance is based on individual factors, namely: ability, knowledge, skills, experience, and personality. Individual employee performance is demonstrated through understanding and ability to achieve the set targets (Shanawany, 2001).

Professional Competence

Competence is a characteristic or behavior which is related to the knowledge, skills, values and self-concept that enable one to work effectively, comprehensively and successfully from another (Palan, 2007). Professional competence is a set of individual professional patterns, skills or talents to successfully achieve professional goals and perform tasks and responsibilities professionally (Blašková, et al., 2014). Competence is seen as a player’s excellent ability by using knowledge and skills (Gibb, 2008), and responsibility and autonomy (Quendler et al., 2013).

Competence can be observed and verified, and logically used as a reference, reliability related to job function (Mills, 2006; Gupta, 2012; Jackson et al., 2011). Indicator of professional human resource competence according to Hwa (2008); Ko and Hsiao (2008), includes knowledge, skills, creativity, communication skills, and work attitude.
Competence is seen as one of the strongest factors, which must be considered to achieve effective performance. The limits of competence are linked to the type of competence of each organization in accordance with the needs and interests in achieving performance (Gupta, 2012). Boyatzis (2008) asserts that individual competence is one of the most effective performance predictors. Individual competence is characterized by the vision, values and philosophy that are carried out in a job, knowledge and skills possessed, interests, and career life.

**Human Resources Training**

Training is a form of competence development to create demand in the fulfillment of individual performance and organizational performance. Training is defined as a systematic and planned approach to modify, enhance and develop knowledge, skills and attitudes in order to encourage the improvement of the effectiveness of individuals, teams, and organizations (Aguinis and Kraiger, 2009).

Training aims to present knowledge and skills, and to instill the required performance on specific performance (Bukley and Caple, 2009). The concept of effective training is based on needs analysis, organizational design and organizational performance evaluation (Saks and Haccoun, 2010).

Extensive and continuous training is believed to be the key, whose purposes are (1) maintaining employee learning skills, both in terms of their competence to learn and their motivation and attitude to learning (Chen and Huang, 2009); (2) communicating a shared vision by facilitating communication between employees, transfer and dissemination of individual knowledge within the enterprise (Jaw and Liu, 2003); and (3) creating and shaping a learning culture (Jerez Gomez et al., 2004). Based on the literature review and empirical evidence, the proposed hypothesis is:

**H1: The more training the village secretary has, the higher the professional competency he has.**

The existing literature also presents clear evidence of the impact of training and development on employee performance (Purcell, et al., 2003; Harrison, 2000). Further Swart et al., (2005) added that training relevant to developing employee skills and abilities improves employee performance. Training activities can also benefit not only on employee performance but on other outcomes, both at the individual and team level (e.g. attitude, motivation, and empowerment) (Aguinis and Kraiger, 2009).

Arthur et al. (2003) conducted a meta-analysis study of 165 sources by comparing the relationship between employee performance without training and through training. They concluded that employees who received overall training had a positive effect on the performance they produced in the organization. Based on the literature review and empirical evidence, the proposed hypothesis is:

**H2: The more training given, the higher the performance of the village secretary obtained.**

The presence of dynamic global markets and increased competition has forced organizations to become more effective and flexible in responding to rapidly changing environments. This has implications for the growing demand for competent employees in both public and private organizations. Competent employees are the primary source of any organization in gaining competitive advantage (Vichita and Thai-Ngam, 2007).
The result of a study conducted by Lussier et al (201); Amstrong (2009) prove that employee performance is affected by individual competence. This is also supported by the result of the study conducted by Araujo and Taylor 2012; Vichita and Thai-Ngam (2007) who state that competence has impact on employee performance. Based on the literature review and empirical evidence, the proposed hypothesis is:

**H3:** The higher professional competence village secretary has, the higher the performance he does.

**Financial Incentives**

Economists say that motivated employees are caused by prizes in the form of money. They can be encouraged to expend greater effort on duty if their efforts are rewarded directly through money (Bryson et al., 2011). Financial incentives can potentially help people to overcome their self-control problems and create habits to engage in various activities both in short term and long term (Volpp et al., 2008).

Conrad (2006) argues that financial incentives are a term used in employment, and can be described as payments from organizations to individuals. Meanwhile, Linda (2001) states that financial incentives mean inducements involving the payment of money and the reduction of the price paid for goods or services.

Al-Khoury et al. (2014) who examined 172 employees working for big companies in Lebanon concluded that training had a positive effect on salary increases. This has implications for most employees who are satisfied with their current job position and are loyal to the company. The results of previous studies (Dearden et al., 2005) suggest that training affects employee salaries, which in turn improves employee performance (Idrees et al., 2015). Based on the literature review and empirical evidence, the proposed hypothesis is: **H4:** financial incentives moderate the relationship between training and performance of the village secretary.

**Monitoring and Evaluation**

Monitoring or supervision refers to the extent to which leaders are involved in encouraging subordinate with verbal and nonverbal behaviors (Tepper, 2000). Siagian (2003) defines monitoring as an overall effort to monitor the implementation of operational activities in order to ensure that certain activities conform to predetermined plans.

Suryana (2011) considers that monitoring is shown to obtain facts, data and information about the implementation of the program, i.e. whether the implementation process activities are carried out in accordance with what has been planned or not. The findings of the monitoring results are in the form of information used for the evaluation process so that the result of whether the predetermined and conducted program is in accordance with the results obtained or not. The evaluation emphasizes the output aspect and aims to know whether the program has achieved the expected target or not. Evaluations are directed at controlling the achievement of goals (Dunn, 2000). Based on the literature review and empirical evidence, the proposed hypothesis is:

**H5:** Monitoring and evaluation moderates the relationship between training and performance of the village secretary.
Based on the previous explanation, the proposed design of the empirical study can be seen as follows:

![Empirical Study Design Diagram](image)

**RESEARCH METHOD**

This research uses explanatory research or exploratory research. Data collection technique used in this study is to use a questionnaire. Furthermore, the responses of respondents to the questionnaire were measured by using likert scale with five ranging scores. Population in this research is all village secretary with criterion of work period above 1 year who is in Office of Village Government in Demak district with the total number of 243 people. The sampling method is “census” which means the entire population used as research sample. The variables in this research are 1) The training measured by 4 indicators namely the material suitability, the method used, the ability of the training instructor, and the training facilities (Riva’i, 2004); 2) Professional competence measured by 3 indicators which include knowledge, skill, and attitude (Palan, 2007); 3) Financial incentives measured by 2 indicators of bonuses and commissions (Sarwoto, 2010); 4) Monitoring and evaluation measured by 4 indicators, namely standard size, job assessment, comparison between planning and implementation of work, and taking corrective action (Ranupandoyo, 1990); and 5) Performance of village secretary as measured by 3 indicators of work quality, timeliness, and ability to work together (Robbins, 2006).

**RESULT OF DATA ANALYSIS**

**Validity Test**

Validity test with SmartPLS 3 program is done by using convergent size and discriminant validity. Convergent validity of the measurement model with reflective indicator is judged by correlation between item score / component score which is estimated with SmartPLS Software 3. Based on the test results using SmartPLS 3 in Table 4.9 it is known that all indicators on training variables, professional competence, and performance of village secretaries have a factor loading above 0.5. This means that all the indicator variables in this study is said to be valid so it can be used in research.
Discriminant validity from measurement model of reflective indicator is valued based on outer loadings of measurement in construct. The result of outer loadings from data analyzed by using SmartPLS 3 is as follows:

Table 1. Outer Loadings

<table>
<thead>
<tr>
<th></th>
<th>Performance of Village Secretaries</th>
<th>Professional Competence</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1.1</td>
<td></td>
<td></td>
<td>0.688281</td>
</tr>
<tr>
<td>X1.2</td>
<td></td>
<td></td>
<td>0.769093</td>
</tr>
<tr>
<td>X1.3</td>
<td></td>
<td></td>
<td>0.761854</td>
</tr>
<tr>
<td>X1.4</td>
<td></td>
<td></td>
<td>0.678984</td>
</tr>
<tr>
<td>Y1.1</td>
<td></td>
<td></td>
<td>0.646071</td>
</tr>
<tr>
<td>Y1.2</td>
<td></td>
<td></td>
<td>0.849634</td>
</tr>
<tr>
<td>Y1.3</td>
<td></td>
<td></td>
<td>0.842583</td>
</tr>
<tr>
<td>Y2.1</td>
<td></td>
<td></td>
<td>0.588967</td>
</tr>
<tr>
<td>Y2.2</td>
<td></td>
<td></td>
<td>0.751745</td>
</tr>
<tr>
<td>Y2.3</td>
<td></td>
<td></td>
<td>0.646137</td>
</tr>
</tbody>
</table>

Source: Primary analyzed data, 2017

From Table 1 it can be seen that the correlation of the training constructs, professional competence, and performance of the village secretary with each indicator is higher than 0.5, so the constructs in the estimated model meet the criteria of discriminant validity.

Reliability Test
The following is the value of composite reliability from the output of SmartPLS 3:

Table 2. Composite Reliability

<table>
<thead>
<tr>
<th></th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Secretary Performance</td>
<td>0.702655</td>
</tr>
<tr>
<td>Professional Competence</td>
<td>0.826125</td>
</tr>
<tr>
<td>Training</td>
<td>0.816056</td>
</tr>
</tbody>
</table>

Source: Primary analyzed data, 2017

Table 2 shows that the composite reliability value for all constructs is above 0.7 indicating that all constructs in the estimated model meet the reliable criteria so that they can be used in the next research process.

Structural Model Testing (Inner Model)
Inner model illustrates the relationship between latent variables based on the acquisition of output results from the model of load factor construction structure in the form of graphic relationship between training variables, professional competence, and performance of the village secretary can be seen in Figure 2 below.
Based on Table 3 shows the value of R-square construct of Professional Competence of 0.22 which means that Training is able to explain the variance of Professional Competence by 22% and the rest (88%) influenced by other factors were not examined in this research. Furthermore, the R-square value is also found in the performance of Village Secretary Performance of 0.7496, which means that the Training and Professional Competence are able to explain the variance of Performance of the Village Secretary by 74.96% and the rest (25.04%) influenced by other factors were not examined in this research.

As for determining a hypothesis is accepted or rejected, then comparison between the value of t test and t table with condition if t test > t table, hence hypothesis is accepted. For more details can be seen in Table 4 below:

To know whether financial incentives and monitoring and evaluation can be moderating variable in moderating the relationship between training towards performance of village secretary, the result of SmartPLS 3 analyzing the variables can be seen as follows:

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**Table 3. R-square**

<table>
<thead>
<tr>
<th>Training</th>
<th>Professional Competence</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.22075</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Village Secretary Performance</td>
<td>0.74953</td>
</tr>
</tbody>
</table>

Source: Primary analyzed data, 2017

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**Table 4. Path Coefficients before Moderating**

<table>
<thead>
<tr>
<th>Path Coefficients</th>
<th>Original Sample</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
<th>T Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Competence → Performance of Village Secretary</td>
<td>0.514528</td>
<td>0.037433</td>
<td>0.037433</td>
<td>13.745187</td>
</tr>
<tr>
<td>Training → Performance of Village Secretary</td>
<td>0.495561</td>
<td>0.037169</td>
<td>0.037169</td>
<td>13.332538</td>
</tr>
<tr>
<td>Training → Professional Competence</td>
<td>0.469121</td>
<td>0.046510</td>
<td>0.046510</td>
<td>10.086395</td>
</tr>
</tbody>
</table>

Source: Primary analyzed data, 2017
Furthermore, the result of the path of coefficients after moderation analysis is presented in Table 5 below:

<table>
<thead>
<tr>
<th>Table 5. Path Coefficients after Moderating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Financial Incentives * Training →</td>
</tr>
<tr>
<td>Performance of Village Secretary</td>
</tr>
<tr>
<td>1.004659</td>
</tr>
<tr>
<td>0.291461</td>
</tr>
<tr>
<td>0.291461</td>
</tr>
<tr>
<td>3.446971</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Monitoring and Evaluation * Training →</td>
</tr>
<tr>
<td>Performance of Village Secretary</td>
</tr>
<tr>
<td>0.728106</td>
</tr>
<tr>
<td>0.298669</td>
</tr>
<tr>
<td>0.298669</td>
</tr>
<tr>
<td>2.437839</td>
</tr>
</tbody>
</table>

Source: Primary analyzed data, 2017 (see attachment 3)

Hypothesis Testing and Discussion

a) Effect of Training on Professional Competence

The first hypothesis proposed in this study was “The more training the village secretary has, the higher the professional competency he has”. Table 4 shows that the relationship between training and professional competence is positively significant because the value of t test is greater than t table (t test was 10.09 > t table 1.66) at 5% significance level. Thus, the first hypothesis which states “The more training the village secretary has, the higher the professional competency he has” is acceptable.

The results of hypothesis testing prove that training can significantly improve professional competence in the village government office of Demak district. This means that, to encourage the improvement of the professional competence of village secretaries, the village administration of Demak district needs to facilitate the conduct of professional and qualified training.

b) Effect of Training on Performance of Village Secretary

The second hypothesis proposed in this study is “The more training given, the higher the performance of the village secretary obtained. “. Table 4 shows that the relationship between training and the performance of the village secretary is positively significant because the t test
value is greater than the t table (t test was 13.33 > t table 1.66) at the 5% significance level. Thus, the second hypothesis which states “The more training given, the higher the performance of the village secretary obtained.” is acceptable.

The results of hypothesis testing prove that training can significantly improve the performance of village secretaries in the village government office of Demak district. This means that, the procurement of intense training with appropriate materials can encourage improvements in the performance of village secretaries in the village government office of Demak district.

c) Effect of Professional Competence on Performance of Village Secretary

The third hypothesis proposed in this study is “The higher professional competence village secretary has, the higher the performance he does”. Based on the results of path coefficient analysis in Table 4 shows that the relationship between professional competence and the performance of village secretary is positively significant because t statistic value is greater than t table (t statistic was 13.75> t table 1.66) at 5% significance level. Thus, the third hypothesis in this study which states “The higher professional competence village secretary has, the higher the performance he does” is acceptable.

The result of hypothesis testing proves that professional competence can significantly improve the performance of village secretary in the village government office of Demak district. This means to encourage and realize improved performance of a good village secretary, it is necessary to build adequate professional competence.

d) Influence of Financial Incentives in Moderating the Relationship between Training with Performance of Village Secretary

The fourth hypothesis proposed in this study is “Financial incentives moderate the relationship between training and performance of the village secretary”. Based on Table 5 indicates that the interaction variable between financial incentives and training on the performance of the village secretary is significant because the t statistic value is greater than the t table (t statistic 3.44 > t table 1.66) at the 5% significance level. Thus, the fourth hypothesis proposed in this study “Financial incentives moderate the relationship between training and performance of the village secretary” is acceptable.

The results of the hypothesis testing proved that financial incentives can moderate or strengthen the relationship between training on the performance of village secretaries in the village government office of Demak district. This means that, with financial incentives in the form of bonuses and commissions, it will encourage the desire to attend training, which in turn improves the quality of work.

e) Effect of Monitoring and Evaluation in Moderating the Relationship between Training with Performance of Village Secretary

The fifth hypothesis proposed in this study is “Monitoring and evaluation moderate the relationship between training and performance of the village secretary”. Based on Table 5 shows that the interaction variables between monitoring and evaluation and training on
the performance of the village secretary are significant because the t statistic value is greater than the t table \((t \text{ statistic } 2.44 > t \text{ table } 1.66)\) at the 5\% significance level. Thus, the fifth hypothesis stating “Monitoring and evaluation moderating the relationship between training and performance of the village secretary” is acceptable.

The results of the hypothesis testing prove that monitoring and evaluation can moderate or strengthen the relationship between training on the performance of village secretaries in the village government office of Demak district.

**CONCLUSION**

This study can generally be concluded that the performance of village secretaries at the village government office of Demak district can be strengthened and improved through training, professional competence, financial incentives, and monitoring and evaluation. Based on the hypothesis testing proposed by using Structural Equation Modeling (SEM) based on SmartPLS 3 software, it can be concluded as follows:

1. Training can significantly increase professional competence in the village government office of Demak district. It means that, to encourage the improvement of the professional competence of village secretaries, it is necessary to facilitate the conduct of professional and qualified training.
2. It was found that training could significantly improve the performance of village secretaries in the village government office of Demak district. It means that, to improve the performance of the village secretary, it can be increased through intense training.
3. Professional competence can significantly improve the performance of the village secretary in the village government office of Demak district. This means to encourage and realize improved performance of a good village secretary, it is necessary to build adequate professional competence.
4. Financial incentives can moderate or strengthen the relationship between training on the performance of the village secretary at the village government office of Demak district.
5. Monitoring and evaluation can moderate or strengthen the relationship between training on the performance of the village secretary at the village government office of Demak district.

**MANAgERIAL IMPLICATIONS**

The results of this study have implications on managerial policy which are summed up as follows:

1. Training: the organization should encourage the ability of the training instructor to be able to upgrade new and advanced knowledge and skills.
2. Professional competence: the organization should facilitate the improvement of attitudes and skills so that individuals are able to achieve professional goals and perform tasks and responsibilities professionally.
3. The performance of the village secretary: the organization should encourage the achievement of the quality of work. It aims to maintain and enhance a sense of confidence in realizing optimal performance.
4. Financial incentives: organizations should encourage proportional commissions. It aims to motivate and reward every individual endeavor for their hard work.

5. Monitoring and evaluation: the organization must make comparisons between planning and execution of work. It aims to compare the actual implementation of the work with existing standards and take corrective action if needed.

LIMITATIONS OF RESEARCH

There are several things to note regarding the limitations in this study, among which are the following: (1) This study uses only limited variables (2) All construct variables used in this study are only measured based on responses from the same respondents, where measurement practices such as this could potentially cause bias. (3) Data collection is based solely on responses from the village secretary to the questionnaire. Therefore, data collection also needs to be obtained from the village head as a superior in the organization. Future research needs to adopt both experimental and longitudinal designs to reinforce the findings in this study. Future research needs to add other variables that are supposed to improve the performance of human resources, such as performance-based pay, trust-in-leader, and passion for work, job resourcefulness, job embeddedness, career satisfaction, and altruism.

REFERENCE


