

**THE INFLUENCE OF ALLOWENCE ON EMPLOYEE
PERFORMANCE AT AGRICULTURAL OFFICE OF
LUWU DISTRICT**

**Indriani Maulida Tajuddin^{1*}, Abdi Akbar², Agung Widhi Kurniawan³, Zainal Ruma⁴,
Tenri Sayu Puspitaningsih Dipoatmodjo⁵**

¹⁻⁵ Faculty of Economics and Business, Makassar State University, Makassar
Email : ¹⁾ indrianimaulida2505@gmail.com

Abstract

An allowance refers to additional payments, benefits, or privileges provided to employees by their employers, usually in addition to their regular salary or wages. These allowances are intended to support or compensate employees for certain expenses, hardships, or circumstances relating to their work or personal lives. This study aims to determine the effect of allowances on employee performance at the Luwu District Agriculture Service Office. The type of data used in this study is quantitative data obtained from questionnaires distributed to 52 individuals related to the problem being examined. The data were analyzed using a simple linear regression analysis method with the help of SPSS data processing to prove the hypothesis. The results of the study show that the allowance variable has a positive and significant effect on employee performance. Specifically, the study found that the higher the benefits obtained by an employee, the higher their performance level will be.

Keywords: Allowance, Benefits, Compensation, Employee Performance, Privileges

1. INTRODUCTION

Every company will always strive to improve and improve the quality of its employees' performance, one of which is by managing good human resources. Some of the ways used to manage human resources in order to improve the quality of good performance, namely by providing training and development, providing supporting facilities by creating a comfortable work environment, giving rewards to employees who have achieved targets to provide compensation in the form of physical and non-physical to officers or employees. One form of compensation given to employees is allowances. Allowances are additional money given to employees or employees outside the basic salary given in accordance with the rules of the agency, company or government.

In 2019, to improve employee performance, the Indonesian government signed an agreement on the payment of allowances, namely Additional Civil Servant Income. According to the Regulation of the Minister of Home Affairs Number 061-5449 of 2019 concerning Procedures for Approval of Additional Income for Central Government Civil Servants to the Minister of Home Affairs, additional income is one type of state civil apparatus award that has a legal basis, guidelines, criteria, and measurable and uniform assessment indicators that apply to the state civil apparatus as a whole, so as to improve discipline, motivation, and performance, as well as the welfare of state civil apparatus in local governments.

The Luwu District Agriculture Office as one of the district governments in South Sulawesi has also implemented this regulation. In accordance with the regulation issued by the Regent of Luwu Regency Number 17 of 2019 concerning Guidelines for Providing Additional Income for Civil Servants within the Luwu Regency Government, it has

stipulated the provision of additional employee income for employees at the Luwu Regency Agriculture Office which is given periodically every month according to length of service, rank/salary, position, and attendance/number of attendances and tasks carried out in order to improve employee performance, productivity, and the welfare of civil servants and prospective civil servants.

Based on the results of observations and initial interviews of researchers at the Luwu Regency Agriculture Office, problems were found that affected employee performance. The problem found was the lack of enthusiasm at work. This can be seen from some employees who do not come or enter on time. There has been no increase in employee salaries and allowances over the past few years, as said by one employee of the Luwu Regency Agriculture Office "Allowances are really needed, but the amount is very less because among other districts we are the lowest in my opinion but this must be added in order to further improve performance".

The provision of allowances arranged by the Luwu Regency government aims to address some of the challenges affecting employee performance, such as lack of morale and punctuality. By providing regular monthly allowances based on factors such as length of service, rank/salary, position, attendance, and duties performed, the Luwu District Agriculture Office intends to incentivize and improve the overall performance, productivity, and welfare of civil servants. So, it can be said that there is a tendency for employees to be less enthusiastic or lazy due to insufficient income so that the government determines the provision of allowances to increase employee income in order to increase employee discipline, motivation and performance as well as to improve employee welfare. Therefore, the performance allowance given by the Luwu District Head of Government to the Luwu Regency Agriculture Service Office can improve the performance of employees at the Luwu District Agriculture Service Office.

Based on the problem above, the author needs to conduct research on "The Influence of Allowances on Employee Performance at the Luwu District Agriculture Service Office. Thus, by conducting this research, it is hoped that we can further review the purpose of providing allowances to employees and what is the influence.

2. LITERATURE REVIEWS

2.1. Allowances

According to Malthis (2006: 419), indirect financial compensation which is also called benefits, is an indirect reward given to employees or employees as members of organizations such as insurance, health insurance, payment of time off work, and pensions. As explained by Rivai and Sagala (2013), it means that performance incentives or allowances are a form of direct wages given to employees because their performance reaches the specified standard or even exceeds it.

Some common types of allowances include housing allowance, transportation allowance, meal allowance, travel allowance, communication allowance, education allowance, and health allowance. The purpose of providing allowances to employees is to improve their financial well-being, motivation, and overall job satisfaction. Allowances can help cover costs related to housing, travel, meals, travel, communication, education, and healthcare, among others. Allowances can also serve as an incentive, recognition, or support mechanism to improve employee retention, engagement, and productivity.

2.2. Employee Performance

The definition of performance according to Hasibuan (2012), "Performance is a result achieved by a person in carrying out the tasks assigned to him". According to Afandi, (2018) the notion of performance or performance is a result work that can be achieved by a person or group of people in a company in accordance with the authority and responsibility of each in efforts to achieve company goals illegally, not violating the law and does not conflict with morals and ethics.

Employee performance refers to the level of effectiveness, productivity, and achievement demonstrated by an individual in fulfilling their job responsibilities and achieving organizational goals. Employee performance includes skills, knowledge, abilities, and behaviors that contribute to achieving desired results and meeting performance expectations.

It is important for companies to continuously assess and manage employee performance through performance evaluations, feedback mechanisms, training and development programs, and recognition and reward systems. By addressing the factors that influence employee performance, organizations can create an environment that encourages high performance, engagement, and overall success.

3. RESEARCH METHODS

This type of research is to use quantitative research. This study need to solve the problem by describing the problems that occur. This was based on the consideration that the researcher wants to understand, study in depth and explain in this paper the effect of giving allowances on employee performance at the Luwu District Agriculture Service Office.

This study used statistical data analysis techniques, namely descriptive data analysis techniques which are used in analyzing data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations (Sugiyono, 2014). This descriptive analysis is intended to determine the distribution of the frequency of answers from the results of the questionnaire by collecting data from the results of the respondents' answers and then tabulating them in tables and conducting descriptive discussions.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Overview of Respondents

This research was conducted on employees who worked at the Luwu District Agriculture Service Office. The data for this study were obtained using a questionnaire which was distributed directly to the respondents at Luwu District Agriculture Office. Of the 55 questionnaires distributed to respondents, only 52 respondents returned the questionnaires, there were 3 questionnaires that were not returned because they were lost, so the number of questionnaires that could be processed was 52.

4.1.2. Research Instrument Test Results

1) Descriptive Statistical Test

The variables used in this study are employee benefits and performance. These variables will be tested with descriptive statistics.

Table 1. Result of Descriptive Statistical Analysis
Descriptive Statistics

	N	Minimum	Maximum	Means	Std. Deviation
Allowances	52	22.00	30.00	26.1154	2.06420
Employee Performance	52	31.00	43.00	38.0962	2.58396
Valid N (listwise)	52				

Source: Processed primary data, 2023

The table above explains the results of descriptive statistics about the variables in this study, including:

a) Allowances (X)

Based on table 4.4 above X has a minimum value of 22, a maximum value of 30, and a mean of 26.1154 with 6 statement items ($26.1154 : 6 = 4.3526$) so that 4.3526 is on the value scale which indicates the answer choices strongly agree. The standard deviation value indicates a deviation of 2.06420 from the average value of the number of respondents' answers.

b) Employee Performance (Y)

Based on table 4.4 above, Y has a minimum value of 31, a maximum value of 43, and a mean of 38.0962 with 9 statement items ($38.0962 : 9 = 4.2329$) so that 4.2329 is on the value scale which indicates the answer choices strongly agree. The standard deviation value indicates a deviation of 2.58396 from the average value of the number of respondents' answers.

2) Frequency Statistical Test Results

Based on the number of variables and referring to the research problem, the data descriptions are grouped into three parts, namely: Human Resource Planning (X) and Employee Performance (Y). The complete results of the statistical calculation of the frequency of each variable can be seen in the appendix. A brief description of the results of the frequency statistical calculations is presented below.

a) Allowances (X)

From the research results, the frequency distribution of respondents' responses regarding allowances shows that according to the statement items used, most respondents gave an assessment that they agreed and the least respondents gave an assessment that they did not agree. The total average value of the 6 statements is 4.3526 which is on the value scale which indicates the answer choices strongly agree.

b) Employee Performance (Y)

From the results of the research on the frequency distribution of respondents' responses to employee performance, it shows that according to the statement items used, most respondents gave an agreement rating and the least respondents gave a disapproving rating. The total average value of the 9 statements is 4.2329 which is on the scale of values indicating that the answer choices strongly agree.

4.1.3. Data Quality Test Results

1) Validity Test Results

Based on the research, it is known that the employee benefits and performance variables have a value of r statistic greater than r table ($r \text{ statistic} > 0.2732$) so it can be concluded that all the question items in the study are valid.

2) Reliability Test Results

Table 2. Result of Reliability Test Results

Variable	Cronbach's Alpha	Information
Allowances (X)	0.673	Reliable
Employee Performance (Y)	0.748	Reliable

Source: Processed primary data, 2023

The table above shows that the employee benefits and performance variables have a Cronbach's alpha value greater than 0.6. This shows that the question items in this study are reliable. So that each question item used will be able to obtain consistent data and if the question is asked again, an answer that is relatively the same as the previous answer will be obtained.

4.1.4. Classical Assumption Test

1) Normality Test

**Table 3. Normality Test Results
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residuals
N		52
Normal Parameters, ^b	Means	.0000000
	Std. Deviation	2.04395648
Most Extreme Differences	Absolute	.107
	Positive	.091
	Negative	-.107
Test Statistics		.107
asympt. Sig. (2-tailed)		.193 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on the Kolmogorov-Smirnov table above, it is known that the significance value of Asymp. Sig (2-tailed) of 0.193 is greater than 0.05, it can be concluded that the data is normally distributed. Thus, the assumptions or requirements for normality in the regression model have been fulfilled. It can be seen that the dots spread around the diagonal line, and the direction of their spread follows the direction of the diagonal line. This shows that the regression model is feasible to use because it meets the assumption of normality.

2) Linearity Test Results

**Table 4. Linearity Test Result
ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Performance Benefits	Between Groups	(Combined)	166,372	8	20,796	5.135	.000
		Linearity	127,454	1	127,454	31,470	.000
		Deviation from Linearity	38,918	7	5,560	1,373	.241
	Within Groups		174,148	43	4,050		
	Total		340,519	51			

Based on table above, the value of Deviation from Linearity Sig is obtained. of 0.241 greater than 0.05. So, it can be concluded that there is a significant linear relationship between the allowance variable (X) and the employee performance variable (Y). this shows that there is a good correlation between the allowance variable and the employee performance variable.

4.1.5. Hypothesis Test

1) Simple Regression Analysis

**Table 5. Simple Regression Analysis Result
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18,096	3,668		4,933	.000
Allowances	.766	.140	.612	5,469	.000

a. Dependent Variable: Employee Performance

Based on the table above, the regression equation formed in this regression test is:

$$Y = 18.096 + 0.766 X + e$$

The model can be interpreted as follows:

- i. The constant value is 18.096 this shows that, if the independent variable (benefits) is zero (0), then the value of the dependent variable (employee performance) is 18.096 units.
- ii. Regression coefficient of allowance (b) is 0.766 and is positive. This means that the value of variable Y will increase by 0.766 if the value of variable X increases by one unit and the other independent variables have a fixed value. The coefficient with a positive sign indicates that there is a direct relationship between the allowance variable (X) and the employee performance variable (Y). The higher the allowance, the higher the employee's performance.

2) R² Test (Coefficient of Determination)

**Table 6. Coefficient of Determination Test Results
Summary model^b**

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.612 ^a	.374	.362	2.06429

a. Predictors: (Constant), Allowance

b. Dependent Variable: Employee Performance

From table above, there is an R number of 0.612 which indicates that the relationship between employee performance and the independent variable is strong, because it is in a strong definition with a number between 0.6 – 0.8. While the R square value of 0.374 or 37.4% indicates that employee performance variables can be explained by the allowance variable of 37.4% while the remaining 37.4% can be explained by other variables not present in this study.

3) Partial Test Results (t test)

**Table 7 Partial Test Results (t test)
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	18,096	3,668		4,933	.000
Allowances	.766	.140	.612	5,469	.000

a. Dependent Variable: Employee Performance

Table 7 shows that the allowance variable has a significant level of 0.000, which is less than 0.05. The coefficient value of +0.766 indicates a positive influence on the dependent variable. This means that H_a is accepted and H₀ is rejected so that it can be said that allowances have a positive and significant effect on employee performance.

4.2. Discussion

The results showed that the allowance variable had a positive and significant effect on employee performance. The higher the benefits obtained by employee, the more employee performance will increase. Good benefits are able to maintain the loyalty of qualified employees. The type of employee who is qualified and has high skills will usually be more easily persuaded by competitors to leave the company and join them. Whereas the role of such employees is very positive for the company. By providing appropriate benefits and salaries, employees who have quality skills will feel at home and stay in their company. They will not be tempted to move to a competing company. Because they feel, the salary and bonuses they get at their current company are commensurate with their work.

In addition, good work allowances can increase employee focus and work productivity. Before demanding their employees' work productivity, companies must first make their employees comfortable. Sometimes salary alone is not enough to fulfill employees' needs. Providing benefits will make them feel happy and feel appreciated. That way they will increase productivity and be more focused at work. In the end, both of these are greatly influenced by the results of the employee's own performance. The more productive, the greater the benefits obtained. As a result, employees will strive to always be productive and focused.

5. CONCLUSION

Based on the collected data and hypothesis testing with simple regression analysis, this study draws the following conclusions: allowances have a positive and significant effect on employee performance. As the allowances increase, employee performance also improves, leading to enhanced loyalty among qualified employees. Qualified and highly skilled employees are often sought after by competitors, posing a risk of them leaving the company. However, retaining such employees is crucial for the positive impact they bring to the company.

Providing appropriate benefits and salaries helps create a sense of belonging for employees with valuable skills, reducing the likelihood of them being enticed by competing firms. Allowances act as a motivational factor, contributing to employees' happiness at work, which ultimately translates into improved performance. These benefits not only boost employee morale but also benefit the company as a whole by meeting the expectations of all parties involved. This harmonious atmosphere fosters a streamlined business process and facilitates overall success.

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