

THE EFFECTS OF DELAYED PERFORMANCE ALLOWANCE AND SANCTIONS OF PERFORMANCE ALLOWANCE REDUCTION ON THE PERFORMANCE OF EMPLOYEES IN THE INSPECTORATE OF EAST JAVA PROVINCE WITH WORK MOTIVATION AS A MEDIATING VARIABLE

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ABSTRACT

Keywords:

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In this comprehensive investigation, we delve into the multifaceted impact of delayed performance allowances and the sanctions associated with performance allowance reduction on the collective performance of employees within the Inspectorate of East Java Province. The study aims to shed light on the intricate dynamics of incentive structures and sanctions within the context of government inspection agencies. An in-depth exploration is conducted to understand how these factors interplay and influence the overall effectiveness of the workforce. Moreover, the research goes beyond mere correlation by delving into the mediating role of work motivation in this complex relationship. By examining the extent to which work motivation acts as a mediating variable, the study seeks to unravel the underlying mechanisms that connect incentive structures, sanctions, and employee performance. This nuanced approach allows for a more comprehensive understanding of the interwoven factors that shape employee behavior and performance within the specific organizational framework of the Inspectorate of East Java Province. Ultimately, the findings of this research endeavor are poised to provide valuable insights for organizational leaders, policymakers, and practitioners, offering informed perspectives on optimizing incentive systems and mitigating the potential negative impacts of performance-related sanctions in the pursuit of enhanced employee performance in government inspection contexts.

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1. INTRODUCTION

The current economic development in the world is progressing rapidly and is not easy to predict. Advanced and rapidly evolving science and technology demand organizations to adapt and be able to face unforeseen challenges and changes. Future challenges include creating organizations that demand efficient and effective resource management to thrive in increasingly competitive environments. Organizations are required to manage their resources, including high-quality human resource management, to face changes and developments. The resources owned by an organization are crucial assets that need to be utilized to achieve organizational goals. The achievement of an organization's goals depends not only on modern equipment, complete facilities, but also on the individuals executing the work. Good human resources can provide optimal performance for the organization to achieve success influenced by the performance of its employees.

Employee performance is the responsibility of individuals working in an organization. Good performance is the result of optimal work according to organizational standards, supporting the achievement of organizational goals. Improving employee performance will bring progress to an organization to survive in an unstable competition [1]. Optimal employee performance can be seen from the well-being of employees and factors supporting employee performance. Concludes that employee performance is the result of employee work seen in terms of quality, quantity, working time, and collaboration to achieve goals set by the organization [2].

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Employees can enhance good performance with conditions that provide encouragement. Efforts made by organizations to improve the effectiveness and performance of government agencies can be done by motivating employees through performance benefits to civil servants who can perform their duties well and excel. Performance benefits are the implementation of fair compensation or rewards for an employee's performance or even work achievements. Performance benefits are given to employees of the East Java Provincial Inspectorate based on the implementation of Government Regulation No. 58 of 2005 concerning Regional Financial Management in Article 63, which explains that additional income is given to improve employee welfare based on work performance, duty station, working conditions, and professional scarcity.

Performance benefits are given to civil servants and civil servant candidates, the main goal being to improve discipline and enhance employee performance to provide services to the public and the East Java Provincial Inspectorate. Performance benefits serve as motivation for employees to excel and complete their tasks well. Performance benefits also act as a reward for employees, a form of organizational appreciation for the hard work employees have given to the organization. Employees of the East Java Provincial Inspectorate who perform well will be rewarded with performance benefits, awards, or other incentives [3]. On the other hand, employees who violate established rules will face punishment [3]. Regulations regarding employee performance benefits have been stipulated in East Java Governor Regulation No. 12 of 2022, which explains that additional income or performance benefits are given to East Java Provincial Inspectorate employees who have useful achievements to improve employee performance, welfare, and create excellent service provision.

Performance benefits in the form of performance benefits will be given to employees who meet the criteria set out in East Java Governor Regulation No. 12 of 2022, namely a performance assessment of 50% and discipline level based on attendance of 50%, as well as meeting other criteria. The amount of performance benefit is also adjusted according to the employee's position class in the organization. However, employees will also face punishment by reducing the amount of performance benefits based on discipline and absenteeism at work. This punishment can be referred to as a performance benefit deduction penalty, deducted according to the minutes of work lateness or absenteeism.

In the application of performance benefits, it often does not meet the expectations of employees, mainly due to various factors, one of which is the delay in providing performance benefits to employees. Performance benefits given to employees will be used by employees to meet their needs. Still, if the provision of performance benefits is not timely, it will undoubtedly affect employee performance, considering that employee motivation to work diligently is fulfilled by meeting the needs to create a prosperous condition.

This explanation aligns with the research conducted by [4], which explains that performance benefits will affect employee performance. Similarly, the delay in receiving performance benefits can lead to a decrease in employee performance [5]. According to [6], organizations need to establish performance benefits that comply with government regulations and provide them on schedule to create a sense of fairness among employees, so employees feel appreciated for their hard work and willingly improve their performance.

The application of performance benefits that do not meet employee expectations occurs when there is a punishment as a consequence of human error by employees. Punishment for employees of the East Java Provincial Inspectorate includes a deduction penalty for employee performance benefits if employees violate regulations stipulated in East Java Governor Regulation No. 12 of 2022, which broadly states that regulations do not provide good performance, come late, and do not attend various activities as specified. This will result in a deduction of performance benefits with a reduction amount according to the position stipulated in the Governor's Regulation.

Research conducted by [7] explains that the application of punishment in the form of a deduction penalty for performance benefits can encourage internal discipline from employees, thus improving their performance. According to [8], a deduction penalty for performance benefits can encourage employees to improve their self-quality, thus becoming high-performing employees. However, there is research conducted by [9], which explains that there is no significant relationship between a deduction penalty for performance benefits and employee performance. This inconsistency raises other variables that may influence the relationship between lateness and a deduction penalty for performance benefits on performance, and that variable is motivation.

Motivation is one of the factors that drive employees to perform well [10]. Research conducted by [11] explains that the provision of performance benefits to employees will motivate employees to work.

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Similarly, research conducted by [12] explains that the delay in receiving performance benefits will make employees less motivated to work well. This indicates that the delay in providing performance benefits makes employees unable to rely on those benefits, contrary to the goal of providing performance benefits to guarantee employee welfare to increase motivation at work.

The implementation of a deduction penalty for performance benefits shows the opposite, namely, a deduction penalty for performance benefits can motivate employees to be enthusiastic in completing their work. In line with [7], which explains that strict implementation of penalties tends to encourage employees to complete their work correctly and meet the criteria to become high-performing employees to receive the intended performance benefits. Research conducted by [13] explains that the provision of performance benefits shows increased motivation for employees. Also, research conducted by [14] explains that motivation can help the influence of performance benefits on employee performance as an intervening variable in the study. This is because the provision of performance benefits acts as a driving force for employees to comply with rules and provide good performance.

Motivation becomes a driving force for someone to work well. Research conducted by [15] indicates a significant influence of motivation on employee performance. The study conducted by [16] explains that high motivation in employees can increase employee performance. In the research carried out by [16], it is shown that motivation can influence performance by 55.7%. The motivation that can influence employee performance is Existence motivation, which includes physiological, safety, Relatedness (social or sharing feelings and thoughts with others), and finally Growth, which means developing one's abilities. The higher the motivation of employees, the more effort they put into completing their tasks [17].

Based on the explanations above, it can be concluded that this research aims to examine the variables of delay in providing performance benefits and the deduction penalty for performance benefits on performance with the help of motivation as a mediating variable. Therefore, this research is entitled: "THE EFFECT OF DELAY AND DEDUCTION PENALTY FOR PERFORMANCE BENEFITS ON EMPLOYEE PERFORMANCE WITH PERFORMANCE MOTIVATION AS A MEDIATING VARIABLE."

Based on the above problem formulation, the current research objectives are to determine the effect of delayed performance benefit on employee performance. Additionally, to determine the effect of the deduction penalty for performance benefits on employee performance. Also, to find out the effect of delayed performance benefits on employee motivation.

The results of this study are expected to provide benefits or contributions to human resource management as considerations and input for what civil servants and non-civil servant employees of the East Java Provincial Inspectorate feel to improve the effectiveness of performance benefits to increase the productivity and quality of employee performance. Furthermore, the theoretical benefits of this research are expected to provide academic insights into factors that can influence employee performance and productivity and theoretically prove or disprove the factors examined in improving employee performance and productivity.

Literature Review

Performance Benefits

Performance benefits are additional rewards given to active employees in addition to salaries based on performance and job competency. According to [18], benefits are associated with the provision of welfare by superiors to employees, creating a work environment where employees feel comfortable and receive attention from superiors. Performance benefits are also one of the external factors that influence efforts to improve employee performance in the workplace. Benefits tend to make people more diligent in their efforts if there is a reward received according to the requested desires, or in other words, performance benefits are a reward in the form of additional income given to employees for all performance with the aim of increasing the spirit and motivation of employees.

Performance

Performance is an achievement resulting from the work done by employees in relation to the tasks assigned to them. Referring to the word "performance" in English, it can be interpreted as performance, work results, or achievements. Performance is the quality and quantity of work achieved by employees in carrying out their responsibilities and tasks [19]. Performance can also be measured by employees' ability to solve and complete assigned tasks, which means performance contains standards that employees must achieve. Therefore, those who have achieved the set standards have good performance, and conversely, those who have not can be categorized as having less good performance.

Motivation

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Motivation is a process that describes the energy, direction, and commitment of an individual in striving to achieve their goals. Motivation is also a right that makes a person enjoy doing their job; in work, motivation can be called a driver of job satisfaction. Motivation is divided into two, namely internal motivation originating from the individual and external motivation coming from outside the individual [20]. According to McClelland in [21], a person's motivation will be influenced by the strength of their judgments. An employee will assess their needs and desires, and three aspects of motivation according to McClelland are:

a. Achievement motivation

This motive is a need to surpass and compete with personal standards. Someone is said to have a high need for achievement if they spend time thinking about how to do tasks better, working on different and challenging tasks, or thinking about career advancement. They also consider various obstacles that may occur, how they would feel if they succeed, and how they would feel if they fail.

b. Power motivation

Power motivation can be called a need to have influence over others. Individuals with a high need for power spend their time thinking about how to influence and control others, using their influence to win debates or change people's behavior to gain a position or status.

c. Affiliation motivation

This motive is a need for friendship with others. Someone has a high need for friendship if they spend most of their time thinking about friendships with others. Strong affiliation motivation does not significantly affect the effectiveness of job performance. Work motivation is related to conditions that influence arousing, directing, and maintaining behavior related to the work environment [22].

Theories of Work Motivation

a. Need Theory

Needs can be defined as a conflict experienced between a reality and an impulse within oneself. If an employee's needs are not met, the employee will show behavior of disappointment, and conversely, if their needs are met, the employee will show happy behavior as a manifestation of satisfaction.

b. 2ERG Theory (existence, relatedness, growth)

The ERG theory reflects three basic needs:

- 1) Existence needs, which are related to the physical aspects of an employee, such as eating, drinking, clothing, breathing, salary, working condition security, and fringe benefits.
- 2) Relatedness needs, which are interpersonal needs, satisfaction in interacting in the work environment.
- 3) Growth needs, the need to develop and improve personal capabilities, related to the abilities and skills of employees.

c. Instinct Theory

Instinct motivation theory arises based on Darwin's evolutionary theory, which posits that intelligent actions are reflexes and inherited instincts. Therefore, not all behaviors can be planned in advance and controlled by the mind.

d. Drive Theory

According to Woodworth, the concept of drive is an energy that propels an organism to take action. Drive is an unbalanced aspect of body motivation; for example, a lack of food results in a struggle to satisfy the need for balance. Motivation can be defined as a drive that stimulates the individual to overcome imbalance or pressure.

e. Field Theory

Field theory focuses more on the real thoughts of an employee than on instinct or habit. Kurt Lewin argues that behavior is a function of the field at a given moment, and Gestalt psychologists suggest that behavior is a function of an employee's interaction with their environment.

There are several principles to motivate employees:

- 1) Participation Principle: Employees need to be given the opportunity to participate in determining the goals set by the leader.
- 2) Communication Principle: Leaders need to communicate everything related to the effort to achieve tasks clearly. Clear information motivates employees in their work.

- 3) Recognition of Subordinate's Contribution Principle: Leaders acknowledge that employees or subordinates play a role in achieving a goal, and this recognition motivates employees in their work.
- 4) Delegation of Authority Principle: Leaders who delegate authority to employees or subordinates to make decisions about their work will motivate them to achieve the expected goals.
- 5) Attention-Giving Principle: Leaders pay attention to what employees or subordinates want. This attention is expected to motivate employees to work in line with the leader's and company's expectations.

According to Sutarto Wijono [21], research shows an influence between work motivation and work performance. Additionally, motivation has an impact and relationship with the satisfaction and dissatisfaction of an employee in their work.

2. METHOD

This research uses a quantitative approach as it presents data in numerical form. This aligns with Arikunto's view (2010) that quantitative research is an approach that heavily involves the use of numbers, from data collection to interpretation and presentation of results. This research falls into the category of cross-sectional, where information from a portion of the population (respondent samples) is collected directly from the location empirically to understand the opinions of that portion of the population on the researched object.

The population is a generalization area consisting of objects or subjects with specific qualities and characteristics determined by the researcher for study and subsequent conclusions. The population in this research is all 112 employees of the Inspectorate of East Java Province (Central Statistics Agency, 2023). A sample is a portion of the total characteristics of the population. The sample in this research is determined using the Slovin formula for drawing the sample size. The minimum sample needed for this research is calculated using the Slovin formula:

$$n = \frac{N}{1 + Ne^2} = \frac{112}{1 + 112(0,05)^2} = 52,83 \approx 53 \quad (4.1)$$

Information:

n : Minimum sample size required for research

N : Total population

e : Sampling error (10%).

Based on the calculation, the minimum sample needed for the research is 53 people, and the sampling technique used is simple random sampling.

3. RESULTS AND DISCUSSION

Overview of the Research Object

The Inspectorate of East Java Province is an institution or regional apparatus aimed at enhancing the accountability of financial management and performance within the environment of the East Java Provincial Government. As a government institution with significant responsibilities operating within the East Java Provincial Government, the Inspectorate of East Java Province has major tasks and functions in achieving Good Governance towards Clean Government in East Java.

Vision and Mission of the Inspectorate of East Java Province

a. Vision:

To become a professional and accountable Internal Oversight Apparatus of the East Java Provincial Government in achieving Good Governance towards Clean Government in East Java.

b. Mission:

To conduct internal oversight and guidance on the administration of government in East Java in a professional, objective, and accountable manner.

Validity and Reliability Test of Instruments

The research employs a questionnaire to measure performance incentive delays, performance incentive deduction penalties, work motivation, and performance. Instrument validation and reliability testing were conducted on each question in the research questionnaire.

1. Validity Test

Validity testing was performed to determine whether the questionnaire's items were valid or not. Pearson's correlation test was used on 30 respondents. A question in the questionnaire was considered valid if the coefficient correlation value (r) was greater than the table value (0.361).

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Table 1 Validity Test

Variable	Indicator	Item	r	p	Information
Late Performance Allowance	Giving Time	X1.1	0,729	0,000	Valid
	Consistency	X1.2	0,721	0,000	Valid
	Information	X1.3	0,522	0,000	Valid
Sanctions for Cutting Performance Allowances	Information	X2.1	0,871	0,000	Valid
	Objective	X2.2	0,977	0,000	Valid
	Size	X2.3	0,861	0,000	Valid
Work motivation	Confession	Z1	0,742	0,000	Valid
	Performance	Z2	0,799	0,000	Valid
	Responsibility	Z3	0,857	0,000	Valid
	Promotion	Z4	0,826	0,000	Valid
	Interpersonal Relationships	Z5	0,856	0,000	Valid
	Wages	Z6	0,700	0,000	Valid
	Supervision	Z7	0,703	0,000	Valid
	Working Conditions	Z8	0,783	0,000	Valid
Performance	Quality	Y1	0,864	0,000	Valid
	Quantity	Y2	0,901	0,000	Valid
		Y3	0,888	0,000	Valid
	Use of Time in Work/Effectiveness	Y4	0,948	0,000	Valid
		Y5	0,799	0,000	Valid
	Teamwork	Y6	0,869	0,000	Valid
		Y7	0,952	0,000	Valid
		Y8	0,858	0,000	Valid

The validity test results show that all questions in the questionnaire have correlation coefficient values greater than 0.361 and significance values below 0.05 ($p < 0.05$), indicating that all questions in the questionnaire are valid.

2. Reliability Test

Reliability testing was conducted to measure the consistency of the questionnaire used to measure variables X1, X2, Z, and Y. Before reliability testing, a decision-making basis was established with an alpha of 0.60. A variable is considered reliable if its value is greater than >0.60 .

Table 2 Reliability Test

Variable	N	Cronbach's Alpha	Information
Late Performance Allowance (X1)	3	0,956	Reliable
Sanctions for Cutting Performance Allowances (X2)	3	0,905	Reliable
Motivation (Z)	8	0,875	Reliable
Performance (Y)	8	0,693	Reliable

All three variables in this study have Cronbach's alpha values greater than 0.60, indicating that all questions in the questionnaire used to measure performance incentive delays, performance incentive deduction penalties, and performance are reliable.

Respondent Characteristics Analysis

The characteristics of respondents in this study describe gender, age, education level, and length of service.

1. Respondent Gender

The number of respondents based on gender can be analyzed descriptively with the following results.

Table 3 Respondent Gender

Gender	Amount (n)	Percentage (%)
Man	27	39,7%
Woman	41	60,3%
Total	68	100,0%

Based on Table 3, it is known that there are 27 male respondents (39.7%) and 41 female respondents (60.3%). This indicates that more than half of the respondents are female.

2. Respondent Age

Respondent age is divided into four groups: 20 to 30 years old, 31 to 40 years old, 41 to 50 years old, and over 50 years old. The number of respondents based on these age groups is presented in Table 4.

Table 4 Respondent Age

Age	Amount (n)	Percentage (%)
20 - 30 Years	18	26,5%
31 - 40 Years	14	20,6%
41 - 50 Years	21	30,9%
> 50 Years	15	22,1%
Total	44	100,0%

Respondents aged 20 to 30 years were 18 people (26.5%), aged 31 to 40 years were 14 people (20.6%), aged 41 to 50 years were 21 people (30.9%), and over 50 years were 15 people (22.1%). This indicates that the majority of respondents are aged 41 to 50 years.

3. Respondent Education

There are three levels of education for respondents: high school/equivalent, diploma, bachelor's, and master's. The characteristics of the respondents' highest education can be explained in Table 5 below.

Table 5 Respondent Education

Education	Amount (n)	Percentage (%)
SMA/SMK equivalent	2	2,9%
Diplona	1	1,5%
Bachelor	38	55,9%
Masters	27	39,7%
Total	44	100,0%

Based on Table 5, respondents with high school/equivalent education are 2 people (2.9%), diploma education is 1 person (1.5%), bachelor's education is 38 people (55.9%), and master's education is 27 people (39.7%). This indicates that more than half of the respondents have a bachelor's degree.

Descriptive Analysis of Research Variables

Descriptive analysis of research variables includes the delay in performance allowance, performance allowance deduction sanctions, motivation, and performance based on minimum value, maximum value, average, and standard deviation.

1. Descriptive Analysis of Delay in Performance Allowance

The delay in performance allowance variable consists of three indicators. Descriptive analysis of these three indicators can be presented in Table 6 below.

Table 6 Description of Delay in Performance Allowance Variable

Indicator	Min	Max	Mean	Std. Deviasi	Category
Giving Time	1,00	4,00	2,132	1,035	Enough
Consistency	1,00	4,00	2,059	0,976	Enough
Information	1,00	4,00	2,250	1,056	Enough
Late Performance Allowance			2,314	0,604	Enough

The analysis of the delay in performance allowance variable shows an average value of 2.314, indicating that the delay in performance allowances provided to employees of the Inspectorate of East Java Province is categorized as adequate. Of the three indicators, the highest average is found in the information indicator. This indicates that the delay in the provision of performance allowances is not always communicated to employees.

2. Descriptive Analysis of Performance Allowance Deduction Sanctions

The performance allowance deduction sanctions variable consists of three indicators: rule information, purpose of deduction sanctions, and amount of sanctions. Descriptive analysis of these three indicators can be presented in Table 7 below.

Table 7 Description of Performance Allowance Deduction Sanctions Variable

Indicator	Min	Max	Mean	Std. Deviasi	Category
Rules Information	2,00	4,00	3,544	0,584	Good
Purpose of Sanctions	2,00	4,00	3,632	0,543	Good
Amount of Sanction	2,00	4,00	3,647	0,511	Good
Sanctions for Cutting Benefits			3,608	0,485	Good

Overall, the performance allowance deduction sanctions applied are considered good by employees. This is indicated by the average value on all indicators falling into the good category. Therefore, the information provided to employees about performance allowance deduction sanctions, the purpose of sanctions, and the amount of sanctions is well received by employees of the Inspectorate of East Java Province.

3. Descriptive Analysis of Work Motivation

There are eight indicators that make up work motivation: recognition, achievement, responsibility, promotion, interpersonal relationships, salary, supervision, and working conditions. Descriptive analysis of these eight indicators can be presented in Table 8 below.

Table 8 Description of Work Motivation Variable

Indicator	Min	Max	Mean	Std. Deviasi	Category
Confession	2,00	4,00	3,485	0,559	Good
Performance	2,00	4,00	3,603	0,522	Good
Responsibility	3,00	4,00	3,632	0,485	Good
Promotion	1,00	4,00	3,500	0,658	Good
Interpersonal Relationships	1,00	4,00	2,897	1,135	Enough
Wages	2,00	4,00	3,677	0,502	Good
Supervision	1,00	4,00	3,441	0,678	Good
Working Conditions	2,00	4,00	3,529	0,610	Good
Work motivation			3,471	0,419	Good

The average value of work motivation for employees of the Inspectorate of East Java Province is 3.471. This indicates that employees have good work motivation. The indicator with the lowest average is interpersonal relationships at 2.897, which falls into the adequate category. The low value of this indicator compared to other indicators suggests that the aspect to be considered to improve employee work motivation is to enhance bonding among employees and with superiors to create better working relationships.

4. Descriptive Analysis of Performance

There are four indicators that make up employee performance: quality, quantity, effectiveness, and teamwork. Descriptive analysis of these four indicators can be presented in Table 9 below.

Table 9 Description of Performance Variable

Incikator	Min	Max	Mean	Std. Deviasi	Category
Quality	3,00	4,00	3,552	0,458	Good
Quantity	2,50	4,00	3,544	0,502	Good
Effectiveness	2,00	4,00	3,463	0,542	Good
Teamwork	2,50	4,00	3,596	0,483	Good
Performance			3,539	0,458	Good

Overall, the performance of employees of the Inspectorate of East Java Province is considered good. This is indicated by the average value on all indicators falling into the good category. Thus, the performance produced by employees of the Inspectorate of East Java Province is good in terms of quality, quantity, effectiveness, and teamwork.

Data Analysis

The data analysis used in this study is partial least squares structural equation modeling (SEM-PLS).

Outer Model

The outer model is used to determine the relationship between latent variables and their indicators. It is also used to ensure the validity and reliability of the measurements used. The tests conducted on the outer model are as follows:

Convergent validity

Convergent validity is tested using loading factor values. An indicator is considered to meet convergent validity if the loading factor is above 0.6 and has a significance value below 0.05. The results of loading factor values and significance values are presented in Table 10 below.

Table 10 Loading Factor Values

Variable	Indikator	Loading Factor	t statistics	p
Late Performance Allowance	Giving Time	0,951	31,300	0,000
	Consistency	0,948	30,752	0,000
	Information	0,610	3,669	0,000
Sanctions for Cutting Performance Allowances	Rules Information	0,869	25,255	0,000
	Purpose of Sanctions	0,912	27,344	0,000
	Amount of Sanction	0,882	20,506	0,000
	Confession	0,867	27,295	0,000
	Performance	0,884	26,148	0,000
	Responsibility	0,897	37,622	0,000
	Promotion	0,867	26,870	0,000
Motivation	Interpersonal Relationships	0,615	2,690	0,007
	Wages	0,728	10,661	0,000
	Supervision	0,850	13,566	0,000
	Working Conditions	0,867	30,071	0,000
	Quality	0,945	55,783	0,000
	Quantity	0,936	48,276	0,000
	Effectiveness	0,909	35,882	0,000
Performance	Teamwork	0,902	29,714	0,000

Source: Results of SMARTPLS 3.0 Data Processing (2023)

Based on the loading factor values in each indicator for each variable, it is indicated that all indicators are considered valid. This is demonstrated by loading factor values above 0.6 and significance values below 0.05 ($p < 0.05$).

Discriminant Validity

Discriminant validity can be assessed through the Average Variance Extracted (AVE) values for each indicator, with values above 0.5 indicating a good model. The AVE results are presented in Table 11 below.

Table 11 Average Variance Extracted (AVE)

Construct	Average Variance Extracted (AVE)
Late Performance Allowance	0,725
Sanctions for Cutting Performance Allowances	0,789
Work motivation	0,649
Performance	0,852

Source: Results of SMARTPLS 3.0 Data Processing (2022)

From the table above, it is observed that the AVE values for all four variables (performance allowance delay, performance allowance deduction sanctions, work motivation, and performance) are above 0.5, indicating good discriminant validity for each variable. Another method used to test discriminant validity is through cross-loading, and the calculations are presented in Table 12 below.

Table 12 Cross Loading

Indicator	Delay	Sanction	Motivation	Performance
Giving Time	0.951	-0.213	-0.366	-0.387
Consistency	0.948	-0.339	-0.394	-0.371
Information	0.610	-0.165	-0.216	-0.221
Rules Information	-0.308	0.869	0.606	0.513
Purpose of Sanctions	-0.243	0.912	0.535	0.444
Amount of Sanction	-0.209	0.882	0.545	0.481
Confession	-0.419	0.602	0.867	0.784
Performance	-0.338	0.537	0.884	0.785
Responsibility	-0.311	0.604	0.897	0.831
Promotion	-0.261	0.500	0.867	0.765
Interpersonal Relationships	0.496	-0.265	0.615	-0.323
Wages	-0.221	0.593	0.728	0.691

Indicator	Delay	Sanction	Motivation	Performance
Supervision	-0.297	0.428	0.850	0.732
Working Conditions	-0.290	0.479	0.867	0.792
Quality	-0.387	0.517	0.824	0.945
Quantity	-0.435	0.493	0.857	0.936
Effectiveness	-0.426	0.468	0.810	0.909
Teamwork	-0.204	0.524	0.854	0.902

The table shows that the loading values of each item on its construct are greater than the cross-loading values. This result indicates no discriminant validity issues.

Composite Reliability

Composite reliability is used to test the reliability values of the constructs of a variable. Constructs are considered reliable if they have a composite reliability value above 0.7. The composite reliability results can be seen in Table 13 below.

Table 13 Composite Reliability

Construct	Composite Reliability	Information
Late Performance Allowance	0,798	Reliable
Sanctions for Cutting Performance Allowances	0,866	Reliable
Work motivation	0,874	Reliable
Performance	0,942	Reliable

Source: Results of SMARTPLS 3.0 Data Processing (2022)

Table 13 shows that all constructs have composite reliability values above 0.7, indicating no unidimensionality issues in the formed model. This research has a high or good level of reliability.

Cronbach's Alpha

Reliability testing with composite reliability is reinforced using Cronbach's alpha values. Constructs are considered reliable if the Cronbach's alpha value is above 0.7. The results of Cronbach's alpha values can be seen in Table 14 below.

Table 15 Cronbach's Alpha

Variable	Cronbach's Alpha	Information
Delay Allowance	0,798	Reliable
Sanctions for Cutting Benefits	0,866	Reliable
Work motivation	0,874	Reliable
Performance	0,942	Reliable

Source: Results of SMARTPLS 3.0 Data Processing (2022)

Based on the table above, the Cronbach's alpha values for each variable are above 0.7, concluding that the constructs have good reliability. The outer model of this research can be seen in Figure 1.

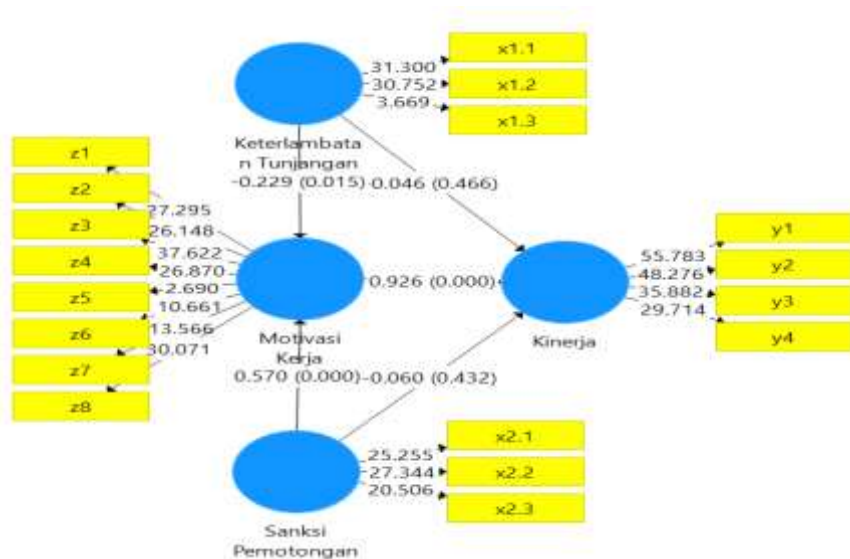


Figure 1 Outer Model Diagram

The Effects Of Delayed Performance Allowance And Sanctions Of Performance Allowance Reduction On The Performance Of Employees In The Inspectorate Of East Java Province With Work Motivation As A Mediating Variable. Sukarti Iswaningsih

Explanation: The numbers on the figure above are t-values of each indicator.

Inner Model

The inner model is used to understand and analyze the relationships between significant values and the R square (R²) of the research model. The inner model is evaluated using R² for dependent constructs, t-test, and the significance of the structural path coefficient.

Table 16 R Square Values

Hipotesis	Influence	Original Sample	t	p	Hasil
H1	Delays → Performance	-0,046	0,730	0,466	Not significant
H2	Delays → Performance	-0,060	0,787	0,432	Not significant
H3	Delays → Work motivation	-0,229	2,441	0,015	Significant
H4	Penalty → Work motivation	0,570	7,365	0,000	Significant
H5	Work motivation → Performance	0,926	15,452	0,000	Significant

Source: Results of SMARTPLS 3.0 Data Processing (2022)

From the table above, the results of hypothesis testing are as follows:

- a. Influence of Delayed Performance Allowances on Performance (H1)
 The coefficient value of the influence of delayed performance allowances on employee performance is known to be -0.046, with a t-statistic value of 0.730 ($t < 1.96$), and a significance value of 0.466 ($p > 0.05$). It can be concluded that the delay in performance allowances does not have a direct effect on performance. Therefore, H1 is rejected.
- b. Influence of Sanctions on Performance Reduction Allowances (H2)
 The coefficient value of the influence of sanctions on performance reduction allowances on performance is known to be -0.060, with a t-statistic value of 0.787 ($t < 1.96$), and a significance value of 0.432 ($p > 0.05$). It can be concluded that the sanctions for reducing performance allowances do not have a direct effect on performance. Therefore, H2 is rejected.
- c. Influence of Delayed Performance Allowances on Work Motivation (H3)
 The coefficient value of the influence of delayed performance allowances on work motivation is known to be -0.229, with a t-statistic value of 2.441 ($t > 1.96$), and a significance value of 0.015 ($p < 0.05$). It can be concluded that the delay in performance allowances has a direct effect on work motivation. Therefore, H3 is accepted.
- d. Influence of Sanctions on Performance Reduction Allowances on Work Motivation (H4)
 The coefficient value of the influence of sanctions on performance reduction allowances on work motivation is known to be 0.570, with a t-statistic value of 7.365 ($t > 1.96$), and a significance value of 0.000 ($p < 0.05$). It can be concluded that the sanctions for reducing performance allowances have a direct effect on motivation. Therefore, H4 is accepted.
- e. Influence of Work Motivation on Performance (H5)
 The coefficient value of the influence of job satisfaction on performance is known to be 0.926, with a t-statistic value of 15.452 ($t > 1.96$), and a significance value of 0.000 ($p < 0.05$). It can be concluded that work motivation significantly influences performance. Therefore, H5 is accepted.

Indirect Effect

The indirect effect aims to test the presence of an indirect relationship between exogenous variables (delayed performance allowances and sanctions on performance reduction allowances) to the endogenous variable (performance) through the mediating variable (work motivation). Indirect influence is considered significant if the t-statistic value $>$ t-table (1.960) or the p-value $<$ 0.05. The results of the indirect effect test can be seen in Table 17 below.

Table 17 Indirect Effect

Hipotesys	Influence	Original Sample	t	p	Results
H6	Delay → Work Motivation → Performance	-0,212	2,460	0,014	Significant
H7	Sanction → Work Performance → Performance	0,528	6,768	0,000	Significant

From the table above, the results of hypothesis testing are as follows:

- a. The influence of delayed performance allowances on performance mediated by work motivation has a t-statistic value of 2.460 $>$ 1.960 and a significance value of 0.014 ($p < 0.05$). This result indicates that delayed performance allowances mediated by work motivation affect performance. Thus, H6 is accepted.
- b. The influence of sanctions on performance reduction allowances mediated by work motivation has a t-statistic value of 6.768 $>$ 1.960 and a significance value of 0.000 ($p < 0.05$). This result indicates

that sanctions for reducing performance allowances mediated by work motivation affect performance. Thus, H7 is accepted.

Discussion

Influence of Delayed Performance Allowances on Performance

The analysis of the first hypothesis obtained a coefficient value of -0.046 for the influence of delayed performance allowances on employee performance. This indicates a negative influence of delayed performance allowances on performance, where the longer the delay in performance allowances given, the lower the employee performance. However, the obtained t-statistic value of 0.730 ($t < 1.96$) and the significance value of 0.466 ($p > 0.05$) suggest that delayed performance allowances do not have a direct effect on performance. Therefore, H1 is rejected.

4. CONCLUSION

The conclusions drawn based on the research results are as follows: Delayed performance allowances do not have a direct effect on the performance of employees at the Inspectorate of East Java Province. Sanctions for reducing performance allowances do not have a direct effect on the performance of employees at the Inspectorate of East Java Province. Delayed performance allowances have a negative effect on the work motivation of employees at the Inspectorate of East Java Province. Sanctions for reducing performance allowances have a positive effect on the work motivation of employees at the Inspectorate of East Java Province. Employee work motivation has a positive effect on the performance of employees at the Inspectorate of East Java Province. Employee work motivation can mediate the influence of delayed performance allowances on employees at the Inspectorate of East Java Province. Employee work motivation can mediate the influence of sanctions for reducing performance allowances on employees at the Inspectorate of East Java Province.

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