THE ROLE OF INTERNAL SERVICE QUALITY AND BENEFIT PLANS ON ORGANIZATIONAL PERFORMANCE AT REGIONAL DRINKING WATER COMPANY (PDAM) SANGIHE

PERANAN KUALITAS PELAYANAN INTERNAL DAN PERENCANAAN TUNJANGAN TERHADAP KINERJA ORGANISASI DI PERUSAHAAN DAERAH AIR MINUM (PDAM) SANGIHE

by:
Jessica Pinkan Paparang[1]
Farlane Stevie Rumokoy[2]

[1,2]*Faculty of Economics and Business*
International Business Administration Program
University of Sam Ratulangi Manado

email: [1]jessiquepaparang@ymail.com
[2]prince_farlent@yahoo.com

Abstract : Globalization changing business environment rapidly. This will affect the companies in reaching its purposes such long-term profit or sustainable profitability. Facing these conditions, the management of the companies should works better in maintaining its performance. Performance in the company is strongly influenced by human resources (HR). Therefore company needs to noticed every HR within by providing services to them. Provision of services to the HR will influence their work, that also means it will influence the company. Services for HR in a company can be financial and non-financial. Both of these are things that must be fulfilled by company in providing services to the HR. This study aims to determine the role of Internal Service Quality and Benefit Plans on Organizational Performance at PDAM Sangihe. The method used associated with the data analysis technique of Multiple Regression. The results shows the Internal Service Quality and Benefit Plans at PDAM Sangihe has a role on its Organizational Performance. It means the performance at PDAM Sangihe is running well, the strong factors are caused by two variables that are discussed in this research such as Internal Service Quality and Benefit Plans. The manager of PDAM Sangihe should maintain their performance and the entire achievement associated with enhancement the company's performance, and seek a new innovations to improve the performance of the company.

Keywords : organizational performance, internal service quality, benefit plans

Abstrak : Globalisasi mengubah kondisi lingkungan bisnis secara cepat. Ini akan berdampak pada semakin beratnya perusahaan untuk mencapai tujuannya berupa keuntungan jangka panjang atau berkelanjutan. Menghadapi kondisi ini, manajemen perusahaan harus bekerja lebih baik dalam menjaga kinerjanya. Kinerja perusahaan sangat dipengaruhi oleh sumber daya manusia (SDM). Sehingga perusahaan perlu memperhatikan setiap SDM dengan cara memberikan pelayanan pada mereka. Penyediaan layanan untuk SDM akan mempengaruhi pekerjaan mereka, yang juga berarti akan mempengaruhi kinerja perusahaan. Layanan terhadap SDM di suatu perusahaan dapat berupa finansial dan non-finansial. Kedua hal ini adalah hal yang harus di penuhi perusahaan dalam memberikan layanan terhadap SDM. Penelitian ini bertujuan untuk mengetahui peran Kualitas Layanan Internal dan Perencanaan Tunjangan terhadap Kinerja Organisasi di PDAM Sangihe. Metode yang digunakan asosiatif dengan teknik analisis data Regresi Berganda. Hasil penelitian menunjukan Kualitas Layanan Internal dan Perencanaan Tunjangan di PDAM Sangihe memiliki peran terhadap Kinerja Organisasi tersebut. Berarti Kinerja di PDAM Sangihe sudah baik, salah satu faktor yg kuat disebabkan oleh dua variable yang di bahas di penelitian ini yaitu Kualitas Pelayanan Internal dan Perencanaan Tunjangan. Pimpinan PDAM Sangihe sebaiknya mempertahankan kinerja mereka dan seluruh capaian yang berhubungan dengan peningkatan kinerja perusahaan, serta mencari inovasi-inovasi baru untuk meningkatkan kinerja perusahaan.

Kata kunci : kinerja organisasi, kualitas layanan internal, perencanaan tunjangan

INTRODUCTION

Research Background

Generally, every company or organization has a purpose to reach maximum advantage. To reach this purpose, good human resources are needed in a company or an organization. Human resources are very important for every company because it is the determinant of the company, whether it run well or not. The performance in every company is supported by the quality of human resources in it.

Nowadays, the government pays less attention to the employee's prosperity. This can become one of causative factors of the reduction of company's performance. The company has to pay more attention to internal services before it gives service to the consumers. This means the company has to give better service to the employees, give good response toward complaints and inputs, even give personal services such as more facilities, transportation, etc. Employee as the main resource in a company is demanded to give the best quality and performance to the consumers, so that the consumers can be satisfied. If the consumers feel unsatisfied, they can complaint and this can ruin the company's image. This shows that human resource really affects the company's success in reaching its purpose.

Human resource has a function to manage the company's input maximally to gain the expected result. Employee is an internal consumer. A company has to make the employees work in a comforTable situation without worry and tension. This situation is not only physically, but also socially; in having a social relationship with fellow workers. This can result the optimum work from the employees. High salary, complete facilities, and clear position cannot always guarantee the employee's satisfaction, especially the ones who already had higher position. As the new employee, those things may be considered, but, as the time goes by, s/he will look for other things. Therefore, a company has to have human resource manager, so that every employee that is internal consumer can function well in fulfilling the company's purposes and in increasing the company's performance. The performance in a company is the result of whether the company's purposes have been reached successfully or not. The main purpose of performance measurement is to increase the company's performance, so that it can serve the customers, employees, owner, and stakeholder better.

Research Objectives

This research used to analyze the significant role of:

1. Internal Service Quality and Benefit plans on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe simultaneously.
2. Internal Service Quality on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe partially.
3. Benefit Plans on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe partially.

THEORITICAL FRAMEWORK

Theories

Human Resources Management

Noe et. al, (2012:5) quoted that HRM refers to the policies, practices, and systems that influence employee's behavior, attitudes and performance. According to Dessler and Tan (2009:4), HRM is the process of recruiting, training, appraising, and rewarding employees. Dessler (2013:31) similiary, effective human resources management can help ensure that can get result through people. So, it can be indicated that Human Resources Management is all the process to serve the employees in order to improve their performace as a Human Resources in the company or organization.

Internal Service Quality

Nazeer, Zahid and Azeem (2014:43) separates the internal and external customers, by showing that every organization and department has a customer called internal customers. Employees not only provide their services to external customers, but they also have a direct and indirect interactions between their co-workers in their work setting. ISQ is feeling the employees about the quality of service delivered to or received from co-

workers while working in the same organization or unit. Thus the authors indicate that the internal service quality is satisfying the needs of the service or activity include service users or elements within the organization.

Benefit Plans

Dessler and Tan (2009:352) defined that benefits are indirect financial and non-financial payments employees receive from the company. Mondy and Noe (2005) stated that benefits are all financial benefits earned by employee's usually indirectly. It can be indicated that Benefit Plans is indirect and non-financial payments employees receive for continuing to work in the company or organization.

Organizational Performance

Dessler (2013:30) stated that an organization consist of people with formally assigned roles who work together to achieve the organization's goals. It can be said that the performance of the organization is the ability to perform the tasks assigned to the organization as well as possible in order to achieve the goals agreed. Organizational performance is an overview of the work of the organization in achieving its objectives which of course will influence by resources owned by the organization. The resources in question can be physical such as human resources and nonphysical like the rules, information, and policies, it is to better understand the factors that can affect an organization's performance.
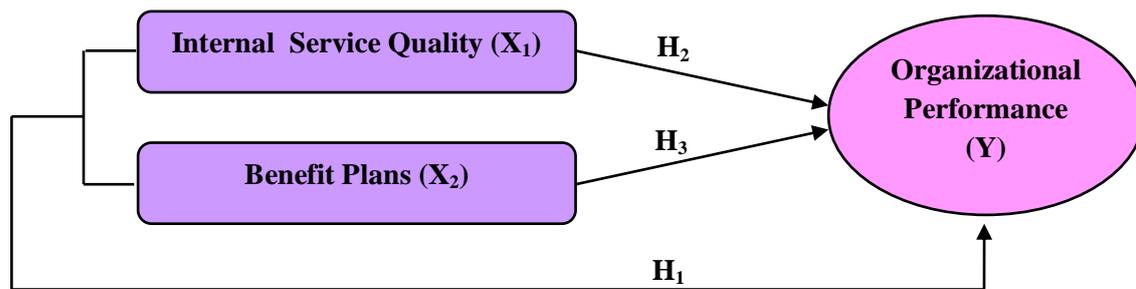
Previous Research

Harati (2013) discussed about Role of Internal Service Quality in Performance of Iran's Ministry of Youth and Sports. This research findings emphasize on the importance of internal service quality as one of the effective factors in increasing the performance level of ministry of youth and sports. Thus leaders and managers of human resources of sports organizations and especially ministry of youth and sports should design and use strategic plans which are proper for the type of performance of organization and provide the base for internal service quality along with improvement of organizational performance. The results related to the statistical analysis of research data showed that between the levels of quality of internal service, the indirect effect of quality of internal services in the individual level on the organizational performance is more than the two other levels. Research findings showed that the indirect effect of quality of provided services in the sectors level on the organizational performance is not significant. Distribution of sports experts in different offices of ministry of youth and sports, non-effective correlation between the sectors, high number of sectors, and mismatch of the educational certificate of experts of sectors with their jobs could have been effective in achieving this result.

Gunawardane (2009) discussed about Relationship between Dimensions of Internal Service Quality and the Nature of the Internal Service Encounter – A Study in the Healthcare Industry. This study identified that dimensions of ISQ, as viewed by departments and employees providing services to external customers, vary according to the type of internal service relationship they have with departments and employees supplying them with products or services internally. This implies that managers should focus on the type of relationship between internal departments when attempting to improve the quality of internal service within the firm because one single mechanism for improving the internal service quality will not fit all types of internal service relationships. This reseach help to find the indicators that used in this research. This previous researches above has showed that the service quality to the internal customer really have a strong role on the organization.

Hypothesis Research

The relationship between each independent variable and dependent variable, then the author will define and test the following hypotheses:

H_1 :   The Internal Service Quality and Benefit plans simultaneously have a sigfniicant role on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe.

H_2 :   The Internal Service Quality partially has a significant role on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe.

H_3 :   The Benefit plans partially has a significant role on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe.

Conceptual Framework

Figure 1. Conceptual Framework
Source: Data Processed, 2015

RESEARCH METHOD

Type of Research

This research is a quantitative method, using questionnaire as a tool to gather data and analysis. The research type is causal research where it will investigate the influence of Internal Service Quality and Benefit Plans on Organizational Performance. Causal research is a study in which the researcher wants to delineate the cause of one or more problems (Sekaran and Bougie, 2009:110).

Place and Time of Research

The research will conducted at the *PDAM* Sangihe. Which is located at Jl. Penjernihan 1/I Tahuna, Sangihe. From May until June 2015.

Population and Sample

Population in this research will be the employees of Regional Drinking Water Company (PDAM) Sangihe. This research use convenience sampling method. The sample size of this research is minimum ten times larger than the number of variables being considered (Roscoe, 1975 in Hill, 1998). Since there are three variables in this research, the minimum sample used will be 30 employees of Regional Drinking Water Company (PDAM) Sangihe.

Data Collection Method

The data used in this research consist of two types, there are primary and secondary data. Primary data originated by the researcher specifically to address the research problem through questionnaires. Researcher distributed the questionnaires to employees of Regional Drinking Water Company (PDAM) Sangihe. Secondary data is used to support the primary data. The secondary data is taken from books, journals, and relevant literature from library and internet. Secondary data is used in the background, literature review, research method, and discussions.

Data Analysis Method

Validity and Reliability

To analyze the validity of questionnaire, Pearson Product Moment is used. An instrument measure is valid if the instrument measure what ought to be measured. In this research, the validity coefficient for each variable is good, where the values are above minimum level of 0.30. Reliability test is established by testing for both consistency and stability of the answer of questions.

Multiple Regression Analysis Method

Multiple regressions use to express the effect of independent variables and the dependent variable. The formula of linear regression (multiple linear regressions) in general as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where:

Y   = Organizational Performance
a   = The constant, when all independent variable equal to 0
b_1, b_2 = The regression coefficient of each variable
X_1 = Internal Service Quality
X_2 = Benefit Plans
e   = error

RESULTS AND DISCUSSION

Validity and Reliability

     The correlation between X_1 (Internal Service Quality) and Y (Organizational Performance) is a substanial positive correlation. It shows the correlation value as much as 0.699, which means that the relationship between variable X_1 to Y has a substanial positive assosiation. And the correlation between X_2 (Benefit Plans) and Y (Organizational Performance) is a positive correlation value which is as much as 0.773, which means that the relationship between variable X_2 to Y has a very strong positive assosiation. The validity coefficient for each variable is good, where the values are above minimum level of 0.30. It means that all variables in this research are valid. The minimum value of Cronbach Alpha must be 0.6 or it is better if the value is above 0.6. The reliability test result showed the value of Cronbach Alpha is above the acceptable limit which 0.862. It means that the instruments used in this research are acceptable.

Table 1. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,387	4,390		,544	,591
	ISQ	,316	,116	,367	2,718	,011
	BenefitPlans	,614	,150	,553	4,093	,000

a. Dependent Variable: OP

Source: Data Processed, 2015

     The computerized calculation ensuresthe accurary of the analysis. From the result in the Table 5.3, the model defines as:

    Y = 2.387+(0.316)X₁+(0.614)X₂

Where:

Y = Organizational Performance
X_1 = Internal Service Quality
X_2 = Benefit Plans

Interpretation:

1. Based on the Table result Constant $(b_0) = 2.387$ explained that if the independent variables ignored then the Organizational Performance has value of 2.387.
2. Internal Service Quality
   Consider other variables are constant or equal to zero, if there is one unit increasing in X_1 (Internal Service Quality) then the Organizational Performance (Y) will increase 0.316.
3. Benefit Plans
   Consider other variables are constant or equal to zero, if there is one unit increasing in X_2 (Benefit Plans) then the Organizational Performance (Y) will increase 0.614.

Testing the Goodness Fit:

Coefficient of Multiple Regression (R) and Coefficient Determination (R^2)

Table 2. R and R square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,827[a]	,684	,661	1,80206

a. Predictors: (Constant), BenefitPlans, ISQ
b. Dependent Variable: OP

Table 3. Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
1	ISQ	,641	1,560
	BenefitPlans	,641	1,560

a. Dependent Variable: OP
Sources: Data Processed, 2015

The coefficient of determination (R^2) measures how far the ability of a model explaining variation of dependent variable. The value of coefficient of determinations is between 0 and 1. The coefficient of determiation (R^2) of 0.684 shows that the linier relationship in this model is able to explain the Organizational Performance (Y) for 68.4% while the rest 31.6% is explained by other factors not discussed in this research. Since independent variables used in this research is more than one variable then *adjusted* R_{square} is preferably used. In this case *adjusted* R_{square} is 0.661. Meaning 66.1% variation of dependent variable can explained by six indicators of independent variables, while 33.9% is explained by other causes. Correlation coefficient R value is used to measure the strength relationship between Internal Service Quality (X_1) and Benefit Plans (X_2) as independent variables to Organizational Performance (Y) as dependent variable. The value of R is 0.827. It means that Internal Service Quality and Benefit Plans have a very strong positive association with the Organizational Performance because the value of R is above 0.5.

Test of Classical Assumption
Multicollinearity

The Tolerance of Internal Service Quality and Benefit Plans has a same value which is 0.641. This means that the tolerance of those two variables are more than 0.2. While the VIF value of Internal Service Quality and Benefit Plans also same which is 1.560, it means VIF value of those two variables are less than 10. Since all the tolerance value is more than 0.2 and the VIF is less than 10, the model concluded to be free from multicollinearity.

Normality
Normality test can be identifying by using graph of P-Plot. The data will distribute normally if the value of P-Plot is near diagonal line of the graph.
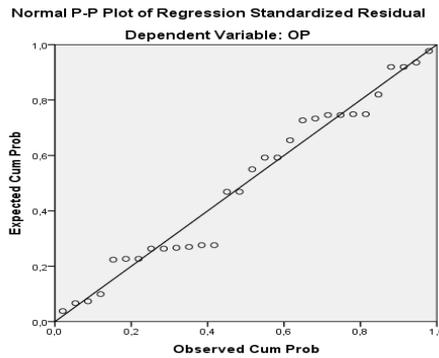
Figure 2. Normality Results
Sources: Data Processed, 2015

Figure 2. shows that the data that is represented by dots are spreading near the diagonal line and spreading follows the direction of the diagonal line. This proves that the model has passed the normality test.

Heteroscedasticity
One assumption of regression model is Heteroscedasticity where midels in which the error terms do not all have the same varience.
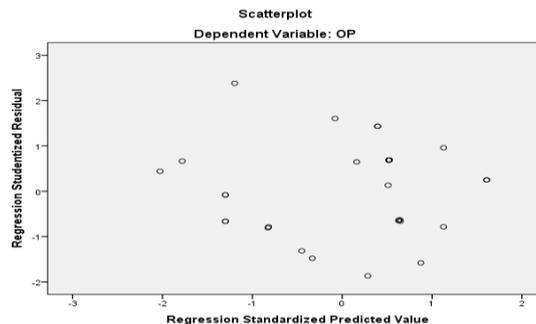

Figure 3. Heteroscedasticity Results
Sources: Data Processed, 2015

Figure 3. shows that the pattern of the dots is spreading and does not create a clear pattern, and the dots are spreading above and below 0 (zero) in the Y axis, thus this proves that the model is free from heteroscedasticity.

Hypothesis Testing
Table 5. F-Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	189,786	2	94,893	29,221	,000[b]
1	Residual	87,680	27	3,247		
	Total	277,467	29			

a. Dependent Variable: OP

b. Predictors: (Constant), BenefitPlans, ISQ

Sources: Data Processed, 2015

In Table 5. the F value is 29.221, the degree of freedom 1 (numerator) is 2 and degree of freedom 2 (denumerator) is 27 with level of significance is 0,05 (α=0.05) and the level of confidence is 95% then F_{Table} is 3.35. the result is : F_{count} (29.221) > F_{Table} (3.35). Since F_{count} is greater than F_{Table}, H_0 is rejected and H_1 is accepted means the independent variables simultaneously influence the dependent variable. Therefore, Hypothesis 1 is accepted.

Table 6. T-Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,387	4,390		,544	,591
	ISQ	,316	,116	,367	2,718	,011
	BenefitPlans	,614	,150	,553	4,093	,000

a. Dependent Variable: OP

Sources: Data Processed, 2015.

The partial influence for each independent variable will be explained as follows.

1. Internal Service Quality (X_1) to Organizational Performance (Y)
   Reject H_0 if $t_{count} > t_{Table}$ or Accepted H_0 if $t_{count} < t_{Table}$
   T_{count} of Internal Service Quality is 2.718. Therefore, hypothesis 2 is accepted.
2. Benefit Plans (X_2) to Organizational Performance (Y)
   Reject H_0 if $t_{count} > t_{Table}$ or Accepted H_0 if $t_{count} < t_{Table}$
   T_{count} of Internal Service Quality is 4.093. Therefore, hypothesis 3 is accepted.

Discussion

The internal service quality generally has a role in order to improve performance within the organization. As has been discussed above that giving the internal services to the employees as human resources in the company have an impact on their jobs and automatically to the organization and its performance. Internal service quality in this research includes four indicators such as reliability, responsiveness, technical competence and personal service. The result by using the multiple regression analysis shown that all the four indicators of Internal Service Quality have a positive influence on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe. The employees as a respondents agree that all the four indicators have played the important role in order to improve their organizational performance and goals. It means that Internal Service Quality become the one element that has a role on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe. This result similliary with the previous research by Harati (2013) that internal service quality has played a significant role on organizational performance.

Generally, benefit plans are part of an effort to meet the needs of internal customers. It makes the benefit plans is very important for the organization / company. According to Dessler and Tan (2009:352) there are four indicators of benefit plans that used in this research, which are Supplemental Pay Benefit, Insurance Benefit, Retirement Benefits, and Employee Services. The result proved that the benefit plans has a significant role in organizational performance at Regional Drinking Water Company (PDAM) Sangihe. Based on the tabulation of questionnaire, the respondent of this research agree that all the indicators of this variable are the one of important elements that improve the performance at their company. It means that the Benefit Plans also become the role on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The conclusion of this research concluded as follows:

1. The result shows that all independent variables have a significant role on the organizational performance as dependent variable simultaneously. Means that the hypothesis 1 in this research is accepted.
2. Internal service quality and benefit plans showed a significant value partially proved by the result of multiple regression equation model, means that the hypothesis 2 and 3 in this research is accepted.
3. PDAM Sangihe has done a great performance of their company by played the internal service quality and benefit plans as a ways to improve the performance as a whole.

Recommendations

Therefore the several recommendations given are:

1. The internal service quality on this research have a positive influence on Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe. So in other words, PDAM Sangihe has done a great job in all the four indicators of this variable include reliability, responsiveness, technical competence and personal services to their employees as a internal customers. The manager of PDAM Sangihe should maintain their good job of it and keep find innovation of the services to the employees as the human resources in the company, in order to impove the performance of company.

2. The benefit plans on this research also prove a positively influence to Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe. Means that a manager of PDAM Sangihe has done a great job in all the four indicators of this variable include supplemental pay benefits, insurance benefits, retirement benefits and employee services. So, the manager of PDAM Sangihe have to do is keep in touch with employees and having good relationship with them will help the organization maintain the good job of it and running toghether in order to improve performance of company.

3. All the independent variables that used in this research are influencig the Organizational Performance at Regional Drinking Water Company (PDAM) Sangihe. The manager of PDAM Sangihe should maintain their performance and the entire achievement associated with enhancement the company's performance, and seek a new innovations to improve the performance of the company and that will help them in market competition.

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