

Original Article

# Role of Key Performance Indicators and Compensation in Improving Employee Integrity and Performance

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**Abstract** - This study aimed to determine the effect of key performance indicators (KPI) and compensation on the integrity and performance of employees at the Regional Secretariat of Banyuwangi Regency directly. The population in this study were civil servants in the Banyuwangi Regency Regional Secretariat, amounting to 195 people. With the Slovin formula, the number of research samples is 132 using the proportional sampling technique. Descriptive statistics were conducted to determine the description of respondents and research variables. Validity and reliability tests were conducted to test the measuring instrument in the form of research questionnaires. The analysis technique used is Structural Equation Modeling (SEM) using WarpPLS 7.0. The results of data analysis show that the key performance indicators (KPI) variables have no significant effect on integrity. Compensation has a significant effect on integrity. Key performance indicators (KPI) have a significant effect on employee performance. Compensation has a significant effect on employee performance. Integrity has a significant effect on employee performance.

**Keywords** - Key performance indicators, Compensation, Integrity, Employee performance.

## I. INTRODUCTION

The basis for companies to achieve excellence in competition is how to manage the resources owned by the company. The management of these resources cannot be separated from the human resource factor, namely the workforce or employees. Employees are an important resource for the company because they have the talent, energy and creativity that the company needs to achieve its goals, the performance sought by the company is someone who depends on the ability, motivation, and individual support received (Qomariah, 2020).

Human resources have a very vital role for a company. One of the important activities of human resource management is employee performance appraisal. Of course, every company wants employees who have performed following the standards set by the previous company or even

exceeded them. By conducting a performance appraisal of employees, it will provide an overview to the company of what employee behaviour is related to their work and information regarding the determination of compensation, training and development, employee promotion, and others. As stated by (Mathis & Jackson, 2011), employee performance appraisal is the process of evaluating how well employees do their jobs when compared to a set of standards and then communicating that information to employees. Then the performance appraisal can be said to be effective if it includes two things, namely (1) the existence of a set of standards and (2) information communication (feedback). This statement is also supported by (Dessler, 2016), who argues that effective appraisal also requires supervisors to set performance standards. and it requires that employees receive the necessary training, feedback, and incentives to eliminate performance deficiencies. This opinion (Dessler, 2016) further emphasizes that an effective employee performance appraisal requires predetermined standards and feedback to prevent a decline in employee performance. By conducting an effective employee performance appraisal, the company can optimize the competence of its employees to achieve the company's goals. In addition, employee performance will also be optimal because employees will be motivated to perform better from day today.

Good human resource performance is important for the survival of the organization. If the organization wants to grow rapidly, the organization must have human resources who can display good performance (Mu'ah, 2002). Employee job performance information becomes useful in organizations in issues related to performance appraisal, feedback, promotion and service payment systems (Atatsi et al., 2019). Discussions on employee performance are widely studied in a theory of focus in industrial/organizational psychology, so it is difficult to define or measure due to various aspects of job role behaviour assessment (Atatsi et al., 2019). Although many definitions have been proposed for employee performance, this study adopted the definition of performance (Evita et al., 2017) as measurable actions,



behaviours, and outcomes that engage or are produced by employees related to and contribute to organizational goals. Many factors can improve employee performance, including key performance indicators, compensation and integrity.

Performance measurement is still an interesting topic to study because there is not much empirical evidence that raises key performance indicators to measure employee performance. (Ruky, 2006) states that key performance indicators are financial and non-financial metrics used by companies to measure their performance. Key Performance Indicators are usually used to assess the condition of a business and what actions are needed to address these conditions. Key Performance Indicators (KPI) can be used as a reference for employees to achieve their work goals and measure how much employees have accomplished work targets. KPI is a management tool or instrument so that an activity or process can be followed, controlled (if it deviates, it can be recognized for correction), and ensured to achieve the desired performance. KPI compares what has been created with what has been set. Successful implementation will depend on implementing a good maintenance strategy in accordance with what has been established (Ruky, 2006). Companies that use KPIs as a performance appraisal will usually provide good performance for employees. Research on the relationship between key performance indicator variables and performance is still rarely done by many researchers. Therefore, the novelty of this research is to raise the theme of the key performance indicator variable as one of the variables that can improve employee performance.

The next factor that can also improve employee performance is compensation. According to (Hasibuan, 2016), compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services provided to the company. Establishing an effective compensation system is an important part of human resource management as it helps attract and retain talented jobs. In addition, the company's compensation system impacts strategic performance. According to (Handoko, 2010), compensation is everything employees receive as compensation for their work. Compensation programs are also important for companies because they reflect their efforts to retain human resources. The relationship between compensation and performance is very close. This is because if employees get compensation according to what they do, they will complete the work on time, so it can be said that their performance is good. Research (Supiyanto, 2015) states that compensation, competence, organizational commitment and job satisfaction simultaneously have a significant effect on the performance of cooperative employees. (Riansari et al., 2012) stated that compensation affects employee performance. Other studies that also discuss the relationship between compensation and performance include: (Darma & Supriyanto, 2018), (Pratama, 2018), (Marlinda et al., 2021), (Afriadie et al.,

2017), (Anggrainy et al., 2017), (Juliningrum & Sudiro, 2013), (Fadly, 2017), (Hasanah, 2020), (Manik & Wiarah, 2014), (Indarti, 2018), (Pioh & Tawas, 2016), (Riansari et al., 2012), (Razali & Putra, 2015), (Mananeke et al., 2014), (Aswad, Hajar Nur Ferrial, 2016), (Effendy et al., 2017), (Hermawan, 2015), (Pujiarti, 2019), (Yeni Widya Saputri et al., 2020), (Kosdewata et al., 2017), (YW Saputri et al., 2020), (Aditia & Nasution, 2019).

Integrity is also a factor that can improve employee performance. According to the KBBI, the meaning of integrity is the quality, nature, and circumstances that describe a unified whole so that it has the potential and ability to radiate authority and honesty. Without integrity, motivation is dangerous; without motivation, capacity is powerless; without capacity, limited understanding; knowledge is meaningless; without knowledge, experience is blind. Experiences are easy to provide and quickly used by people with all other qualities. Antonius (2012) mentions self-integrity as a unit that includes four values: perspective, autonomy, social relevance, and tone.

Self-integrity can also be said to be a unity of four roles: being a good animal, a good carpenter, a good friend, and a saint. Employees who have high integrity will usually complete the work on time. Thus integrity can improve performance. Research on integrity related to performance is carried out by (Setiastuti et al., 2022), which state that competence, integrity, and career development simultaneously affect employee performance by 38% and the remaining 62% is influenced by other factors variables outside the study. Research (Irvany & Fariz, 2020) states that integrity influences the performance of Pasuruan Regency Finance Section employees. (Eka Putra, 2021; Sukmana & Indarto, 2018) Also conducted research linking integrity with employee performance.

The Performance Reports of the Banyuwangi Regency Secretariat Government Agencies in 2019 and 2020 can be used as parameters for achieving the performance of development implementation in 2019 and 2020 and as input for improvements in improving performance and governance and development and services to the community in the future.

Achievement of Key Performance Indicators (KPI) is obtained based on the measurement of their respective performance indicators. Meanwhile, the achievement of target performance is obtained based on the measurement of the strategic target performance indicators. The method of inferring the performance measurement results of the achievement of strategic objectives is done by making the average achievement of achievement of the target performance indicators. Details and analysis of performance achievements of each target and target indicator are listed in Table 1.

Table 1. Analysis of Achievement of Strategic Goals

NO	Indicator Target	The year 2019			The year 2020		
		Target	Realization	Achievements (%)	Target	Realization	Achievements
1.	Percentage of Quality of Planning Documents and Performance of Regional Secretariats	85	80	94,12	100	100	100,00
2.	Percentage of Service Quality Improvement to KDH/WKDH	95	97	102.11	90	98	108,89
3.	Percentage of Orderly Management of Regional Goods/Assets in the Secretariat	90	90	100,00	100	100	100,00
4.	Bureaucratic Reform Index	75	76,13	101,51	53,8	53,8	100,00
5.	AKIP Value/Predicate (A)	100	100	100,00	82,1	82,1	100,00
6.	Community Satisfaction Index	79,68	85	106,68	80	80	100,00
7.	Number of Innovations Passing National Assessment	2	14	700	90	95	106
8.	Percentage of increase in KDH/WKDH service performance	90	100	111,11	90	98	108,89
<b>Average Performance Achievements</b>				<b>176,94</b>	<b>102,92</b>		

Source: Regional Secretariat of Banyuwangi Regency (2021)

In Table 1., it can be seen that the average achievement of target performance in 2020 is 102.92%, a decrease from the average performance achievement in 2019 of 176.94%. This is the rationale for why this research is important. Based on the phenomena that exist in the object of research and theory as well as previous research, this study has 5 (five) objectives, namely: 1) to determine and analyze the effect of KPI on employee integrity; 2) to determine and analyze the effect of compensation on employee integrity; 3) to determine and analyze the effect of KPI on employee performance; 4) to determine and analyze the effect of compensation on employee performance; 5) to determine and analyze the effect of integrity on employee performance at the Regional Secretariat of Banyuwangi Regency.

## II. RESEARCH METHODS

This research is quantitative, using methods to test certain theories by examining the relationship between variables. There are 3 kinds of variables used: the independent variable, which consists of the key performance indicator (X1) and compensation (X2). The second is the intervening variable (integrity), and the third is the dependent variable (employee performance). The population in this study were civil servants in the Banyuwangi Regency

Regional Secretariat, amounting to 195 people. The Slovin formula determined the research sample with an error rate of 5%, so a sample of 132 respondents was obtained. Sampling using purposive sampling technique, involving respondents who were selected based on qualifications of rank/class, position and education. Qualifications of civil servants in the Banyuwangi Regency Regional Secretariat based on rank/class consist of the Regulator of group II/c to the rank of Level I Trustee with group IV/b. Qualifications of civil servants in the Banyuwangi Regency Regional Secretariat based on position consist of Head of Section to general functional positions or staff. The qualifications of civil servants in the Banyuwangi Regency Regional Secretariat are based on a minimum education of high school/equivalent. The distribution of the number of civil servants in the Banyuwangi Regency Regional Secretariat who were selected as samples is presented in Table 2. The analysis tool uses path analysis using the SEM (Structural Equation Modeling) model or the Structural Equation Model with the PLS 7.0 warp program. Descriptive statistical analysis is used to describe or provide an overview of the object under study through sample or population data as it is, without analyzing and making conclusions that apply to the public.

**Table 2. Research Sample**

No.	Agency	Number of Samples
1.	Government Section	7
2.	Village Administration Section	6
3.	Law part	9
4.	Organization Section	7
5.	Economy Section	7
6.	People's Welfare Section	10
7.	Goods and Services Procurement Section	22
8.	Planning and Finance Section	8
9.	General Affair	42
10.	Head of Protocol and Communications Section	14
	Total Number of Samples	132

**III. RESULTS AND DISCUSSION**

**A. Outer Model Evaluation Calculation Results of Validity Test and Reliability Test**

The validation test criteria used the loadings factor criteria, with the value used being more than 0.70. The average variance extracted (AVE) with a value exceeding 0.50 for the convergent validity test and the discriminant validity test using the ratio of the roots of the AVE with the correlation between variables. The AVE value of the construct used should be higher than the correlation between latent variables (Solihin & Ratmono, 2013). The calculation results with WarpPLS 7.0 are presented in Tables 3 and 4. The results of the WarpPLS 7.0 calculation presented in Table 3 show that each value in the cross-loading factor has reached a value above 0.7 with a p-value below 0.05. Thus the convergent validity test criteria have been met in this

study. The calculations in Table 4. show that the AVE root value for the same variable is higher than the AVE root value for different variables. Therefore, it can be concluded that the discriminant validity test criteria have been met. Therefore, it can be concluded that the instrument used in this study has met all the requirements of the validity test.

Reliability testing is carried out to ensure that the research instrument used can consistently present conceptual measurements without any bias, which is presented in Table 5. The basis for determining the reliability test criteria is the value of composite reliability coefficients and Cronbach's alpha coefficients above 0.5. In Table 5, it can be seen that the questionnaire instrument in this study has met the reliability test requirements.

**Table 3. Validity Test Analysis Results**

	X1	X2	Z	Y	Type (a)	SE	P-value
X1.1	0.773	0.394	-0.143	0.065	Reflect	0.072	<0.001
X1.2	0.826	0.408	-0.030	-0.762	Reflect	0.072	<0.001
X1.3	0.814	-0.395	0.013	0.237	Reflect	0.072	<0.001
X1.4	0.828	-0.386	0.151	0.466	Reflect	0.072	<0.001
X2.1	0.148	0.851	-0.083	0.047	Reflect	0.071	<0.001
X2.2	0.117	0.899	0.033	0.041	Reflect	0.070	<0.001
X2.3	0.173	0.773	-0.346	0.052	Reflect	0.072	<0.001
X2.4	0.460	0.702	0.330	0.081	Reflect	0.087	<0.001
X2.5	0.454	0.749	0.309	0.006	Reflect	0.086	<0.001
X2.6	0.544	0.813	0.396	0.194	Reflect	0.072	<0.001
Z1	0.515	-0.065	0.732	0.171	Reflect	0.073	<0.001
Z2	-1.262	-0.089	0.749	0.258	Reflect	0.076	<0.001
Z3	-0.078	0.281	0.744	0.286	Reflect	0.073	<0.001
Z4	-0.311	-0.962	0.724	0.240	Reflect	0.075	<0.001
Z5	0.781	0.670	0.728	0.415	Reflect	0.073	<0.001
Y1	-0.208	0.524	0.313	0.815	Reflect	0.072	<0.001
Y2	-0.045	0.466	-0.082	0.802	Reflect	0.072	<0.001
Y3	0.335	-0.672	0.025	0.746	Reflect	0.073	<0.001
Y4	-0.216	-0.140	0.540	0.762	Reflect	0.073	<0.001
Y5	-0.661	-0.608	-0.607	0.715	Reflect	0.073	<0.001
Y6	-0.052	-0.169	-0.656	0.766	Reflect	0.073	<0.001
Y7	0.853	0.501	0.428	0.742	Reflect	0.073	<0.001

**Table 4. Comparison of Roots of AVE and Correlation between Variables**

	X1	X2	Z	Y
X1	0,7815	0,01625	-0,0075	-0,00225
X2	-0,32167	0,795833	0,166	0,294
Z	-0,0176	0,0048	0,7296	0,2948
Y	-0,001	-0,01757	-0,00629	0,739429

**Table 5. Reliability Test Results**

Variable	Composite reliability	Cronbach's alpha
KPI	0.885	0.826
Compensation	0.782	0.787
Integrity	0.809	0.704
Performance	0.908	0.881

**B. Inner Model Evaluation Calculation of Path Coefficient of Direct Effect and Total Effect**

This section describes each path in the model section using path analysis. Each path tested shows the direct and indirect effect of key performance indicators (KPI) (X1) and compensation (X2) on the integrity (Z) and employee performance (Y) of the Regional Secretariat of Banyuwangi Regency. Knowing whether or not each path is significant will answer whether the proposed hypothesis is accepted or rejected. Each path tested represents the hypothesis in this study. The path coefficient values are presented in Table 6. Calculation of the total effect or total effect adds up the value of direct and indirect effects. The path coefficients of total influence are presented in Table 7. The total effect of Key

Performance Indicators (KPI) (X1) on employee performance (Y) is 0.244, with the details of the direct effect being 0.186 and the indirect effect being 0.06\88. The total effect of compensation (X2) on employee performance (Y) is 0.669, with details of the direct effect of 0.358 and the indirect effect of 0.311. The calculation results show that the independent variable with the strongest influence on the integrity variable (Z) is the compensation variable (X2), 0.709. Meanwhile, the independent variable that has the strongest influence on the employee performance variable (Y) is integrity (Z), 0.438. and the independent variable that has an influence on the employee performance variable (Y) through the integrity intervening variable (Z) is the compensation variable (X2), which is 0.294.

**Table 6. Value of Direct Effect Path Coefficient**

No.	Independent Variable	Dependent Variable	Path coefficient(β)	p-value	Information
1.	KPI	Integrity	0,131	0,061	Not Significant
2.	Compensation	Integrity	0,709	0,001	Significant
3.	KPI	Performance	0,186	0,014	Significant
4.	Compensation	Performance	0,358	0,001	Significant
5.	Integrity	Performance	0,438	0,001	Significant

**Tabel 7. Total Effects**

No.	Independent Variable	Dependent Variable	Direct	Indirect	Total Effects
1.	KPI	Integrity	0,131	-	0,131
2.	Compensation	Integrity	0,709	-	0,709
3.	KPI	Performance	0,186	0,058	0,244
4.	Compensation	Performance	0,358	0,311	0,669
5.	Integrity	Performance	0,438	-	0,438

**C. Calculation Results of Hypothetical Models and Structural Models**

Hypothesis testing is based on the results of the analysis of the PLS-SEM model, which contains all the variables supporting the hypothesis test. The PLS model with the

addition of the integrity variable as a mediating variable explains that the addition of the variable will contribute to explaining employee performance. The research model test was conducted to see the model's suitability built in the study. A good research model will be able to describe the

suitability of the relationship between the variables in the study. WarpPLS 7.0 has provided calculation results that show the criteria used to assess whether the model is

appropriate. The results of the calculation of the research model are presented in Table 8. and Figure 1.

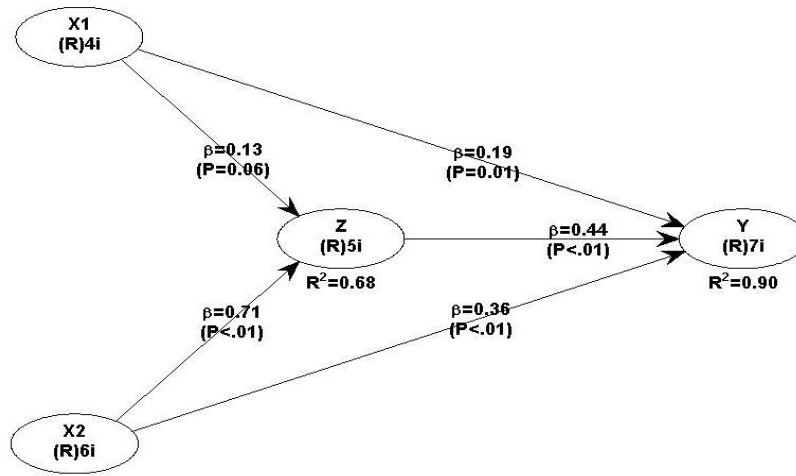


Fig. 1 Path Analysis Results

Table 8. Research Model Test

Information	Value	Ideal
Average path coefficient (APC)	P<0.001	<= 0,05
Average R-squared (ARS)	P<0.001	<= 0,05
Average adjusted R-squared (AARS)	P<0.001	<= 0,05
Average block VIF (AVIF)	3.219	<= 3,3
Average full collinearity VIF (AFVIF)	3.164	<= 3,3
Tenenhaus GoF (GoF)	0.654	besar
Sympson's paradox ratio (SPR)	1	1
R-squared contribution ratio (RSCR)	1	1
Statistical suppression ratio (SSR)	1	>= 0,7
Nonlinear bivariate causality direction ratio (NLBCDR)	1	>= 0,7

Based on the calculations in Table 9., it can be seen that each value in the study has met the ideal criteria. The values of APC, ARS, and AVIF that meet the ideal criteria indicate that the overall research model is good. The model's fit can also be calculated using the goodness of fit index. The goodness of fit index (GoF) is defined as the geometric mean or the root of the average communality and the average R2 for all endogenous constructs. The GoF index shows the predictive power of the overall model. The GoF value has an interval between 0 to 1. A GoF value close to 1 indicates a good path model estimation. The GoF index for this research model is 0.654. Thus, the structural model that explains the relationship between the four variables has good predictive power.

IV. DISCUSSION

A. The Effect of Key Performance Indicators (KPI) on Integrity

Based on testing the Key Performance Indicators (KPI) variable on integrity, the coefficient value is 0.131 with an -value of 0.061. Because the -value is smaller than (0.061 >

0.05), then Ha is rejected so that there is no significant effect of Key Performance Indicators (KPI) on integrity. This means that the Key Performance Indicators (KPI) have no significant effect on the integrity of the Banyuwangi Regency Regional Secretariat, which is proven true or H1 is rejected. Performance appraisal results from work activities and functions within a certain period and is stated in a note (Sutrisno, 2012). Performance appraisal results from work in quantity and quality achieved by an employee in carrying out his duties following the responsibilities given to him (Mangkunegara, 2013). As long as employees work in an organization, their performance must be assessed. Employee performance appraisal based on the E-Kinerja application and e-presence is a form of local government innovation to evaluate the performance of Banyuwangi Regency Secretariat employees more effective and efficient. So it is hoped that performance appraisal using this application can positively impact employees in seeking to get additional employee income to improve employee integrity and have an impact on improving their performance. The results of this

study contradict the results of previous studies conducted by Syah, L. Y., Nafsiah, S. N., & Saddhono, K. (2019), Bagyo, Y. 2013 which stated that there was a significant effect of performance assessment using Key Performance Indicators (KPI) on integrity.

### **B. The Effect of Compensation on Integrity**

Based on testing the compensation variable on integrity, the coefficient value is 0.709 with an  $-value$  of 0.001. Because the value of  $-value$  is smaller than ( $0.001 < 0.05$ ),  $H_0$  is rejected, so compensation has a significant effect on integrity. This means that compensation has a significant effect on the integrity of the Banyuwangi Regency Regional Secretariat, which is proven to be true. According to Handoko (2014), compensation is everything employees receive as compensation for their work. Compensation programs are also important for companies because they reflect their efforts to retain human resources. According to Wibowo (2016), compensation is the number of packages an organization offers to workers in return for the use of their workforce. Employees of the Banyuwangi Regency Regional Secretariat are sought to obtain compensation in accordance with the workload, position and needs of employees. By requiring employees to have high work integrity, the compensation received by employees also encourages employees to have integrity. This study has similarities with the results of previous research conducted by Esti, E., & Padmowiharjo, S. (2019) concluded that compensation significantly affects integrity.

### **C. Effect of Key Performance Indicators (KPI) on Employee Performance**

Based on testing the Key Performance Indicators (KPI) variables on employee performance, the coefficient value is 0.186 with an  $-value$  of 0.014. Because the value of  $-value$  is smaller than ( $0.014 < 0.05$ ), then  $H_0$  is rejected; thus, there is a significant effect of Key Performance Indicators (KPI) on employee performance. This means that the Key Performance Indicators (KPI) have a significant effect on the performance of the Banyuwangi Regency Regional Secretariat employees, which is proven correct or  $H_3$  is accepted. Edison et al. (2016) stated that if the performance appraisal and ongoing processes have been carried out well and the performance appraisal results show that employee performance has increased, then, in general, the organization's performance is successful. Performance appraisal needs to determine the quantity and quality of performance that an employee has carried out. In addition, to find out the attitudes and obstacles experienced by employees in relation to the existence of these employees in an organization. This is supported by research conducted by Lohana et al. (2021), Wahyuni (202), Syah, L. Y., Nafsiah, S. N., & Saddhono, K. (2019), Onyije, O. C. (2015). Al-Jediaa, Y., & Mehrez, A. (2020) states that there is a positive and significant direct influence on Key Performance Indicators (KPI) on employee performance. The results of

this study contradict Agustin, T. (2019). Sinollah, S., & Hermawanto, H. (2019) concluded that performance measurement using E-Kinerja had no significant effect on improving employee performance.

### **D. The Effect of Compensation on Employee Performance**

Based on the results of testing the compensation variable on employee performance, the coefficient value is 0.358 with an  $-value$  of 0.001. Because the  $-value$  is smaller than ( $0.001 < 0.05$ ), then  $H_0$  is rejected. Thus, there is a significant compensation effect on employee performance. Based on the fourth hypothesis, compensation affects employee performance. This means that compensation has a significant effect on the performance of the Banyuwangi Regency Regional Secretariat employees, it is proven true or  $H_4$  is accepted. According to Hasibuan (2009), compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services provided to the company. Establishing an effective compensation system is an important part of human resource management because it helps attract and retain talented jobs. In addition, the company's compensation system impacts strategic performance. This study has significant similarities with the previous research conducted by Esti, E., & Padmowiharjo, S. (2019). Nurnawati (2020), Sudiardhita et al. (2018), and Yamali (2017) state that there is a direct positive and significant effect of compensation on employee performance. In addition to the results of research that support the following contradicting research, namely 4Rinny, et al. (2020), Mundakir, M., & Zainuri, M. (2018). states that compensation has no significant effect on performance.

### **E. The Effect of Integrity on Employee Performance**

Based on testing the integrity variable on employee performance, the coefficient value is 0.438 with an  $-value$  of 0.001. Because the  $-value$  is smaller than ( $0.001 < 0.05$ ), then  $H_0$  is rejected. Thus there is a significant effect of integrity on employee performance. This means that integrity has a significant effect on the performance of the Banyuwangi Regency Regional Secretariat employees, which is proven true or  $H_5$  is accepted. Antonius (2012) mentions self-integrity as a unit that includes four values, namely perspective (spiritual), autonomy (mental), social relevance, and tone (physical). George Sheehan describes self-integrity as a unity of four roles, namely being a good animal (physical), a good carpenter (mental), a good friend (social), and a holy person (spiritual). According to Zahra (2015), integrity is a commitment to do everything in accordance with correct and ethical principles, following values and norms, and there is the consistency to keep that commitment in every situation without seeing any opportunity or coercion to get out of principle. In this study, there are significant similarities with previous research conducted by Suparjo et al. (2020), Wahyuni and Syamsir (2020), and Eprianti et al. (2020), Wahyuni (202), Esti, E., & Padmowiharjo, S. (2019). Syah, L. Y., Nafsiah, S. N., & Saddhono, K. (2019), Yolanda

and Syamsir (2020), Indarto (2018), Sujiyanto ST (2017), which state that integrity has a positive effect on performance.

## V. CONCLUSION AND SUGGESTIONS

### A. Conclusion

Based on the research findings described in Chapter IV, the conclusions of this study are as follows: 1) The test results prove that Key Performance Indicators (KPI) have no significant effect on the integrity of the employees Banyuwangi Regency Regional Secretariat. 2) The test results prove that compensation has a positive and significant effect on the integrity of the Banyuwangi Regency Regional Secretariat employees. 3) The test results prove that Key Performance Indicators (KPI) have a positive and significant effect on the employees of the Banyuwangi Regency Regional Secretariat. 4) The test results prove that compensation has a positive and significant effect on the performance of the Banyuwangi Regency Regional Secretariat employees. 5) The test results prove that integrity has a positive and significant impact on the performance of the Banyuwangi Regency Regional Secretariat employees.

### B. Suggestion

The suggestions that can be given based on the study results are as follows: 1) For the Banyuwangi Regency Government, it is recommended to evaluate the application of performance appraisal based on the E-Kinerja and E Presence applications at the Regional Secretariat of Banyuwangi Regency. Because there are still many employees whose E-Kinerja slicing model is carried out at the end of the month, daily performance targets and achievements cannot be measured confidently. 2) There is a need for synergy between the Banyuwangi Regency BKD and the respondents in this study who have attended training on using E-Kinerja and E Presesni applications. Because based on the research results on the application-based performance appraisal, Key Performance Indicators (KPI) has an insignificant effect on integrity. 3) It is recommended to add a work discipline variable in performance measurement because, in this case, the Key Performance Indicators (KPI)-based performance measurement is side by side with employee absenteeism. Both in terms of time to enter, follow the apple and when employees go home.

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