THE INFLUENCE OF THE SERVICE PROCESS ON EMPLOYEE PERFORMANCE AT PT PEGADAIAN REGIONAL OFFICE 1 MEDAN

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Abstract

The aim of this investigation was to ascertain and assess the impact of the Service Process on the performance of employees at PT Pegadaian Regional Office 1 Medan. The research employed quantitative research methods, and the study's population comprised 40 individuals, utilizing saturated sampling as the sampling technique. Through the analysis of research findings, it was deduced that the Service Process exerted a 38.7% influence on performance, with the remaining 61.3% being attributed to unexplored factors. The service process variable exhibited a partially positive and significant impact on performance, evident in the tcount value of 4.893 surpassing the ttable value (1.685). The alternative hypothesis was accepted, while the null hypothesis was rejected.

Keywords: *Service Process, Performance, Analysis, Industry, Company.*

A. INTRODUCTION

The Medan Region I Office of PT Pegadaian (Persero) is a State-Owned Enterprise (BUMN) specializing in providing credit services to the public following pawn laws. A branch of this enterprise, PT Pegadaian (Persero) Krakatau Branch, situated at Pegadaian Street Number 112, Medan, falls under the jurisdiction of Regional Office 1 Medan. As part of the company's efforts to enhance overall performance, particularly that of its employees, PT Pegadaian (Persero) Medan Region I Office utilizes employee assessment data known as Key Performance Indicators (KPIs). Performance refers to the outcomes achieved by individuals in fulfilling their roles and responsibilities within a defined timeframe, aligned with specific metrics or standards established by the organization they serve (Umam, 2018). Good performance will be achieved with continuous improvement. However, performance improvement is not only done if work performance is not as expected, performance improvement must also be carried out even though a person, team, or individual in the future can set higher quantitative targets or with better qualifications.

From the findings of the conducted field research, it was observed that the leadership's approach to employee performance issues tends to emphasize targets, task accomplishments, and overall performance. This approach directs employees toward achieving predetermined work outcomes set by the company. The number of problems and obstacles experienced by each employee who has difficulty in achieving his work targets in the company and some employees are still considered not good at completing tasks and work in their respective fields in the company. In addition, there is still a lack of attention given by superiors to employees in completing work.

Customers as users of goods and services in determining product choices are influenced by internal and external factors (Tran and Le, 2020). These factors have a very big influence on the decision to buy a product for a customer. When viewed from the company's point of view, one of the effective ways to differentiate is through the services provided. This brings quite fundamental changes in the main business of a company. The increase in the service sector has been accompanied by agreement and debate about what constitutes services (Laitala et al., 2021). With the advancement of today's global economy, the growth of the service sector

is encouraged. Many business opportunities arise from this sector, as well as the current pawnshop, where the economic situation is increasingly difficult while the need for needs continues to increase.

Business actors try to retain consumers because retaining consumers should get a greater priority than efforts to get new customers. It is generally easier to get existing customers than to attract new customers (Lee & Lee, 2020). The service process, or service delivery process, involves a series of activities designed to provide services to customers. Here are some of the things associated with the service delivery process.

Derived from the outcomes of the conducted research, issues about the service process have been identified, notably instances where the services rendered fall short of customers' expectations. Employees lacking sufficient training may encounter challenges in delivering satisfactory service and meeting customer requirements (Kaasinen et al., 2020). The problems unearthed in this study are further underscored by research gaps identified in previous studies. Ayu Desi Indrawati's research in 2013 concluded that the service process has an impact on employee performance. Nova Hari Santhi's study (2018) reached a different conclusion, stating that the service process does not influence employee performance. The existing disparity in results highlights a diverse range of perspectives on the effect of the service process on employee performance. In light of this context, the researcher aims to conduct a study titled "Influence of the Service Process on Employee Performance at PT Pegadaian Regional Office 1 Medan.".

B. LITERATURE REVIEW

1. Service Process

Service is the act of providing a pleasant experience to others while demonstrating friendliness in addressing their needs. It encompasses actions undertaken by individuals or organizations to ensure customer/member satisfaction, responding to their requirements for a specific product or service. Various perspectives exist regarding the definition of service; according to Kotler, service refers to any intangible action or performance that one party offers to another, which doesn't lead to ownership of a tangible item (Kotler & Keller, 2018). In this context, service entails actions or deeds extended by one party to another, such as a seller to a buyer, and remains intangible without resulting in ownership, making the service imperceptible (Kotler & Keller, 2018).

Commonly used service process indicators are 1) Speed of service time. This indicator measures the extent to which services are provided quickly and responsively to customers; 2) Accuracy or accuracy of service. This indicator assesses the extent to which service providers provide services correctly and precisely according to customer needs and expectations; 3) Politeness and friendliness of business actors. This indicator assesses the level of success in providing services in a polite, friendly, and respectful manner to customers; and 4) Responsibility in handling customer complaints. This indicator evaluates the extent to which service providers are ready and able to handle complaints and problems that arise from customers effectively and responsibly.

2. Performance

The effectiveness of employee performance is significantly influenced, and in fact, reliant upon the caliber and competitive capabilities of its human resources (Nguyen et al., 2020). Employee performance is inherently an individual matter due to the varying levels of proficiency each employee possesses in executing their responsibilities (Rivaldo, 2021). Management can assess employees based on their performance achievements (Jakobsen et al., 2023).

Employee performance as defined by Mangkunegara (2017), refers to the quality and quantity of work an employee accomplishes in fulfilling their assigned duties and responsibilities. It is the outcome of an individual's efforts, involving experience, dedication, and time invested in their work (Hasibuan, 2019).

Performance indicators are quantifiable and measurable aspects (Padilla et al., 2020). These indicators encompass 1) the quality of work, gauging the ability to meet the quality standards established by the company; 2) work quantity, assessing the ability to meet the numerical standards set by the company; 3) work reliability, including the adherence to instructions, initiative, caution, and skill in task execution; and 4) attitude, involving evaluative expressions toward objects, people, or events (Mangkunegara, 2017).

3. Conceptual Framework

The conceptual framework serves as a guide throughout the research process, helping researchers make informed decisions about study design, data collection, and analysis. It also provides a theoretical basis for interpreting the findings and discussing their implications. The conceptual framework in this research is presented in the following figure:

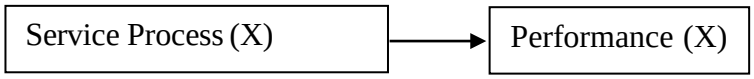

Figure 1. Conceptual Framework

4. Hypothesis

Based on the conceptual framework described above, the hypotheses in this study can be developed, namely:

Ha: There is an influence on employee performance at PT Pegadaian Regional Office 1 Medan.
Ho: There is no influence on employee performance at PT Pegadaian Regional Office 1 Medan.

C. METHOD

This research was conducted at PT Pegadaian Regional Office 1 Medan which is located at Pegadaian Street No.112, AUR, Kec. Medan Maimun, North Sumatra. Research activities started from February to May. This type of research uses quantitative methods. Quantitative approaches may be construed as research methodologies grounded in positivist philosophy, employed for investigating specific populations or samples. This involves utilizing research instruments for data collection and conducting quantitative data analysis, all aimed at testing predetermined hypotheses (Sugiyono, 2019).

A population refers to a broader category encompassing entities or individuals possessing specific qualities or characteristics identified through research for study purposes, leading to the derivation of conclusions (Sugiyono, 2019). The population in this study were all employees at PT Pegadaian Regional Office 1 Medan, totalling 40 employees. The sampling technique used a saturated sample of 40 people.

Type of quantitative research. Data sources are primary data sources and secondary data sources. Primary data sources are data collection collected directly by researchers. The primary data source in this research is PT Pegadaian Regional Office 1 Medan.

Operational definitions play a pivotal role in offering precise and explicit meanings to the variables under investigation. An operational definition articulates a variable by delineating the exact procedures or operations employed for its measurement or manipulation. This guarantees that the variable is perceptible and can be consistently measured or manipulated in a replicable manner. The Operational Definition of Research Variables for this study is outlined in the accompanying table:

Table 1. Operational Definition of Research Variables

Variable	Definition	Indicator	Scale
Service Process (X)	Services encompass any action or undertaking that one party can provide to another, characterized by intangibility and lacking any form of ownership.	1. Speed of service time. 2. Accuracy or accuracy of service. 3. Politeness and friendliness of business actors. 4. Responsibility in handling complaints	Likert
Performance (Y)	Performance is the outcome of the efforts that an individual accomplishes through the application of expertise, dedication, and time.	1. Quality of work 2. Work quantity 3. Work reliability 4. Attitude	Likert

Data analysis in this research uses several test steps, namely Validity Test, Reliability Test, Classic Assumption Test consisting of Normality Test, Heteroscodicity Test, Multicollinearity Test, Linearity Test, Simple Linear Regression Analysis, and Partial Hypothesis Testing.

D. RESULT AND DISCUSSION

1. Validity Test

Validity constitutes proof that the tool, method, or procedure employed to gauge a concept genuinely assesses the intended concept. The validation test seeks to determine the validity of an item, verifying its appropriateness for measurement. The validity test involves correlating each question with the overall score. The correlation value (r) is then compared to the critical value in the correlation table, using a significance level of 5%. If rcount > rtable, or the P-value < alpha, the question is considered valid. The outcomes of the validity test for each item of every variable are displayed as follows:

Table 2. Validity Test Results

Variables	Item	r_{Count}	R_{table}	Description
Service process	1	0.856	0.361	Valid
	2	0.662		
	3	0.756		
	4	0.599		
Performance	1	0.727		
	2	0.681		
	3	0.371		
	4	0.644		

Source: Data Processed with SPSS, 2023

Table 2 above, the results of testing the validity of the service process variables and service performance can be said that all statement items submitted in this study are valid because they are above the validity standard, namely ≥ 0.361.

2. Reliability Test

The research instrument (questionnaire) underwent a reliability test to assess the trustworthiness of the measurement outcomes, specifically examining the consistency or stability of respondents' answers to the questions over time. Cronbach's Alpha method was

employed for the reliability test in this study. A questionnaire is deemed reliable when it yields a Cronbach's Alpha value exceeding 0.60.

Table 3. Reliability Test

No	Variables	Cronbach'siAlpha	Condition	Description
1	Service process	0.693	0.60	Reliable
2	Performance (Y)	0.655	0.60	

Source: Data Processed with SPSS, 2023

Based on table 3 above, it shows that the test results of the Cronbach alpha value are all greater than 0.60. Based on the data above, all statement items are declared reliable. And can be distributed to respondents to be used as instruments in research.

3. Classical Assumption Test

The Classic Assumption Test is a series of tests carried out in statistical analysis to verify several important assumptions that need to be met so that the analysis results can be considered valid. These assumptions are often related to certain statistical models, such as regression models. The following are several classic assumption tests carried out in this research:

a. Normality Test

The research utilizes a statistical normality test, specifically the Kolmogorov-Smirnov test. If the significance test value exceeds 0.05, it indicates that the data follows a normal distribution. The outcomes of the normality test are presented below:

Table 4. Test Result Normalized Kolmogorov-Smirnov Test One-Sample Kolmogorov-Smirnov Test Unstandardized Residual

N		40
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.14520398
Most Extreme Differences	Absolute	.114
	Positive	.086
	Negative	-.114
Test Statistic		.114
Asymp. Sig. (2-tailed)		.200[c,d]

a. Testidistribution is Normal.
b. Calculated from data.

Source: SPSS Data Management Results (2023)

The outcomes of the Kolmogorov-Smirnov normality test, as presented in the above table, indicate that the Asymp-Sig (2-tailed) value is 0.200, exceeding the significance level of 0.005. Therefore, it is deduced that the regression model utilized in this study is normal and suitable for use (Ghozali, 2020). These findings imply that the significance value, being greater than 0.05, establishes that the data for the service process, employee performance, and quality can be considered normally distributed.

b. Multicollinearity Test

The assessment of multicollinearity in this research involves examining the tolerance value and variance inflation factor (VIF). Absence of multicollinearity is indicated if the tolerance value exceeds 0.1 and the VIF value is below 10. The outcomes of the multicollinearity test for both regression models are presented in the subsequent table:

Table 5. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIFi
(Constant) Service process	1.000	1.000

a. Dependent Variable: Kinerja

Source: SPSS Data Management Results (2023)

From the multicollinearity test results, it can be seen that the service process and performance variables have a tolerance value of more than 0.1 and VIF of less than 10. This means that the regression model used in this study does not occur in multicollinearity.

c. Heteroscedasticity Test

The examination of heteroscedasticity in this research involved the observation of patterns on the scatterplot graph depicting the relationship between the predicted value of the dependent variable and its residuals. A regression model is deemed to exhibit heteroscedasticity when the data points on the graph disperse both above and below the 0 mark on the Y axis. The outcomes of the heteroscedasticity test, as illustrated by the scatterplot graph, are presented in the figure below:

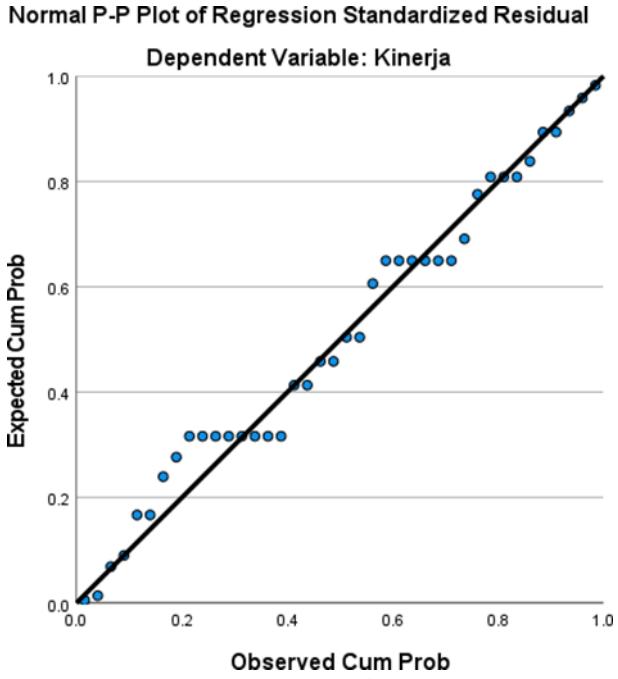

Figure 2. Heteroscedasticity test

The results of the scatter plot test presented in Figure 2 shows that the sample data points spread randomly and do not form a certain pattern. The data is spread both above and below the number 0 on the Y axis, these results indicate a heteroscedasticity-free regression model.

d. Linearity Test

The linearity test is utilized to assess the accuracy of the employed model specifications, as indicated by Ghozali (2020). According to Ghozali (2020), the linearity test is conducted to ascertain if two variables exhibit a statistically significant linear relationship. Optimal data should manifest a linear association between the independent variable (X) and the dependent variable (Y).

When conducting the linearity test, researchers typically employ functions that are either linear, quadratic, or cubic. The outcomes of the linearity test offer insights into determining whether the empirical model should demonstrate linearity, quadratic, or cubic

characteristics. To execute the homogeneity test, researchers utilized the SPSS for Windows version 27 program. The homogeneity test results are presented in Table 6, as detailed below:

Table 6. ANOVA table Linearity test

	Sum of Squares			df	Mean Square	F	Sig.
Performance*Service Process	Between Groups	(Combined)	39.243	8	4.905	3.446	.006
		Linearity	32.227	1	32.227	22.637	.000
		Deviation from Linearity	7.016	7	1.002	.704	.669
	Within Groups		44.132	31	1.424		
	Total		83.375	39			

Source: SPSS Data Management Results (2023)

Based on the significance value: Obtained a significance value = 0.669> 0.05, which means that there is a significant linear relationship between the service process variable and the performance variable. Based on the F_{value} = 0,704 < 4.10 (obtained from the F_{table}). Because F_{value} is smaller than F_{table}, it can be concluded that there is a significant linear relationship between the service process variable and the performance variable.

4. Simple Linear Regression

Simple Linear Regression is a statistical technique employed to portray a linear correlation between a singular independent variable (predictor) and a lone dependent variable (response). In this context, the term "linear" denotes the assumption that the association between the two variables takes the form of a straight line. The objective of Simple Linear Regression is to determine the optimal line that can depict the connection between independent and dependent variables. This optimal line is determined by minimizing the sum of the squared discrepancies between the actual value of the dependent variable and the value predicted by the model. The analysis of Simple Linear Regression yields insights into the direction and strength of the relationship between the two variables and facilitates predictions about the value of the dependent variable based on the independent variable. The outcomes of the test are outlined in the subsequent table:

Table 7. Regresi Linear Sederhana

Model		B	Unstandardized Coefficients
			Std. Error
1	(Constant)	7.488	1.876
	Service process	.567	.116

a. Dependent Variable: Performance

The results of data processing from SPSS contained in table 7 above, the simple linear regression equation in this study is as follows: Y = a + bX Y = 7,488 + 0.567X From the above equation it can be explained that Y = predicted value, namely the performance variable.

a = Constant or if the price of X = 0, the value of the performance variable is 7,488

b = Service process regression coefficient, if it is increased by 1 criterion, then performance will increase by 0.567.

X = service process variable

5. Partial Significance Test Results (t-test)

A T-test is a statistical examination employed to ascertain if there are notable disparities between two sets of data. This test relies on Student's t-distribution and proves particularly advantageous when the sample size is relatively small. It furnishes a t-statistic value, subsequently juxtaposed with the critical value from the t-distribution, to establish whether the distinction between the two groups holds statistical significance. The T-test is executed to evaluate whether the service process variable (X) significantly influences the performance variable (Y). The outcomes of the test are delineated in the subsequent table:

Table 8. T-test Results (Partial)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.488	1.876	.622	3.991	.000
Service process	.567	.166		4.893	.000

Dependent Variable: Performance

Source: Results of SPSS Data Management (2023)

Based on table 8, it can be concluded that the service process variable (X) has a service process t_{count} value of 4.893 and the t_{table} value is 1.685 so that $t_{count} > t_{table}$ (4.893> 1.685), it can be concluded that the service process has a positive and significant effect (0.000 <0.05) partially on performance. This means, in the service process, Ha is accepted and H0 is rejected.

6. Coefficient of Correlation and Determination Test

The coefficient of determination, denoted as R2, serves as an indicator revealing the proportion of variability in the dependent variable elucidated by the independent variables within a regression model. In the framework of simple linear regression, the computation of R2 involves squaring the correlation coefficient (Pearson). That is, if we calculate the correlation coefficient between two variables and square it, we get R^2, which gives an idea of how well the linear regression model represents the data. The test results are presented in the following table:

Table 9. Results of the Colleration Coefficient Test and Determination Test

Model	R	RSquare	Adjusted R Square	Std. Error of the Estimate
1	.622a	.387	.370	1.6017

Predictors: (Constant), performance

Source: SPSS Data Management Results (2023)

Based on the data in Table 9 It can be concluded that the results of testing the coefficient of determination (R^2) in Table 9 above can show that the R Square (R^2) value of 0.387% indicates that the service process (X) can explain performance (Y) by 38.7%. The remaining 61.3% can be explained by other factors not examined and examined in this study, for example, compensation factors, work environment, leadership style and others.

The main findings of this research reveal that the Service Process has a positive and significant influence on Performance. These results reflect the existence of a strong relationship between how an organization or entity manages and implements its service processes and achieving better performance. In this context, the Service Process is not only considered as an operational mechanism but also as a key element that can increase organizational efficiency and effectiveness.

Support from previous research, as found in the studies of Hidayat (2019) and Nasution & Sinaga (2014), confirms that improvements in the quality and efficiency of service processes have a positive impact on organizational performance. This indicates that organizations that can organize and carry out their service processes well tend to achieve superior performance results.

Although the majority of findings support a positive relationship, it is important to note research results that provide a different perspective, such as research by Aini (2019) and Habib & Lukmandono (2023). These results indicate that the relationship between Service Process and Performance is not always linear or cannot always be applied uniformly in various industrial contexts.

The complexity of the relationship between Service Process and Performance highlights the need for more in-depth research to understand contextual factors that may moderate or modify its impact. Factors such as industry type, customer needs, and business characteristics

may play a key role in determining the extent to which service processes can contribute to achieving optimal performance (Ilyas & Bahagia, 2021). These findings provide valuable guidance for organizational leaders and decision-makers. They can use this information to evaluate and improve their service process management strategies and practices, which in turn are expected to improve overall organizational performance in practical contexts. To get a more holistic picture, it is necessary to carry out further research that is more in-depth and focuses on the contextual dynamics that can influence this relationship.

E. CONCLUSION

Based on the outcomes of the research analysis, it was determined that the service process accounted for 38.7% of the influence on performance, while the remaining 61.3% was attributable to unexplored factors. The service process variable exhibited a partially positive and significant impact on performance, as evidenced by a tcount value of 4.893, surpassing the ttable value of 1.685. Consequently, the alternative hypothesis was accepted, and the null hypothesis was rejected. This leads to the inference that, within the context of the service process, there exists a positive and significant effect on performance, aligning with the findings derived from the conducted data analysis.

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