



The Influence of Providing Financial Compensation and Employee Digital Literacy on the Quality of Academic Services at Legal Entity State Universities in Surabaya

Anik Wahyuningsih; Dewie Tri Wijayati Wardoyo; Andre Dwijanto Witjaksono

Universitas Negeri Surabaya; Indonesia

<http://dx.doi.org/10.18415/ijmmu.v11i3.5624>

Abstract

This work explores in depth the complex relationship between financial compensation, digital literacy, and their collective impact on the quality of academic services at Legal Entity State Universities in Surabaya. This work uses a quantitative approach and an associative-causal framework to investigate the influence of financial compensation and digital literacy on academic services on three campuses, with a sample of 419 participants from Unesa, ITS, and Unair selected through random sampling. The results of the research show that financial compensation has a significant influence on the quality of academic services at Legal Entity State Universities in Surabaya, with a high regression coefficient value (0.886) and low significance (0.000), indicating a strong positive relationship. The development of digital literacy among university staff also has a positive and significant impact on the quality of academic services, confirming the importance of this factor in improving services in the academic environment. These two variables individually and simultaneously have a significant effect on the quality of academic services, although other contributing factors have not been explored.

Keywords: *Employee Digital Literacy; Financial Compensation; Legal Entity State Universities; Quality of Academic Services*

Introduction

The quality of academic services and compensation for employees in higher education institutions is to improve student experience and satisfaction as well as increase employee performance and motivation (Kamal et al., 2020; Kuswanto, 2022). By understanding students' hopes, needs, and desires, and providing fair and adequate compensation to employees, universities can improve the image of their institutions, improve the quality of academic services, and strengthen relationships between universities and their stakeholders (Gultom & JUFRIZEN, 2018; Hikmah & Julaiha, 2022). This can also increase student confidence and satisfaction, and help universities achieve their goals (Azam, 2018).

Increasing digital literacy in higher education environments is improving the quality of optimal service to students and other stakeholders (Mariati, 2021). With good digital literacy skills, university employees and services that suit modern needs in the era of digital technology. This can also support the

achievement of educational goals and prepare the entire academic community to face challenges and take advantage of opportunities along with the rapid development of technology.

Compensation, according to Hasibuan (2012), refers to all income both in financial and in-kind form (Hidayati & Saputra, 2018). According to Kasenda (2013), compensation involves a professional relationship where employees work to meet their living needs while the company pays them to be able to carry out their duties according to the company's expectations. (Armantari et al., 2021). According to Riel and Christian (2012), digital literacy is the ability or skill to empower technology and information through digital devices effectively and efficiently in various fields. (Damayanti, 2019). Sulianta (2020) explains that being digitally literate includes the ability to process and understand messages or information, communicate effectively, and operate technology ethically in achieving goals. (Darimis et al., 2023). According to Lupiyoadi (2006), academic service quality is the value of academic services provided by service users in meeting their needs (Masyita, 2020), while according to Susanto (2014), academic services are systematic efforts in education to help students understand the content of the curriculum through learning to achieve applicable competency standards (Lindriany et al., 2022). According to Simatupang & Yuhertiana, (2021), state universities (PTN) are higher education institutions organized by the government with the aim of forming individuals who have professional abilities. (Simatupang & Yuhertiana, 2021). Abbas (2008) explains that higher education is a higher level of education than secondary education, and higher education can be in the form of an academy, polytechnic, high school, institute or university. (Maturbongs, 2019).

It was found that respondents, both lecturers and education staff, gave a high assessment of the aspects of transparency of all types of salary deductions and remuneration, the accuracy of providing intensive remuneration according to performance, as well as the accuracy of disbursement of salaries and remuneration every month. Respondents also appreciated the clarity of financial-related guidelines. The level of satisfaction that reaches quite high numbers shows that Unesa has paid adequate attention to providing compensation to employees, both in terms of transparency and accuracy in its implementation. This is according to a survey at UNESA,

Several previous studies have been conducted to explore the relationship between service quality in various educational institutions and student satisfaction. Research by Parashakti et al. (2017) found five dimensions in SERVQUAL that significantly influence student satisfaction (Winarsih et al., 2021). Second research by Syefudin (2019) shows that the quality of academic services and lecturer performance contribute significantly to postgraduate student satisfaction at PTIQ Jakarta (Syefudin, 2019). On the other hand, research by Risnawati et al. (2022) revealed that although there are efforts to improve academic administration services at FKIP Jember University, there are still shortcomings in meeting student hopes and expectations regarding certain elements such as costs and employee competency. (Risnawati et al., 2022).

The gap in this research lies in the lack of research that specifically examines the influence of financial compensation and employee digital literacy on the quality of academic services at Legal Entity State Universities in Surabaya. Although various similar works have emerged, there has been no work on the role of financial compensation and employee digital literacy in this context. The aim of preparing this work is to examine and analyze the influence of financial compensation and employee digital literacy on the quality of academic services at Legal Entity State Universities in Surabaya.

Method

The method in preparing this work uses quantitative concepts with a causal associative approach. This work aims to evaluate the effect of providing financial compensation and employee digital literacy

on the quality of academic services at Legal Entity State Universities in Surabaya. Researchers used a questionnaire instrument containing financial compensation, digital literacy, and the quality of academic services.

The population of this research is all educational staff who are directly related to services for students at three campuses with PTN-BH status in Surabaya, namely UNESA, ITS, and UNAIR. The sample was random sampling with a total of 131 Unesa, 140 ITS, and 148 Unair.

Validity and reliability tests to ensure instrument quality, normality and homogeneity tests to ensure data distribution and equality of variance, multicollinearity tests to check correlation between independent variables, linearity tests to check relationships between variables are part of the analysis. This work will be carried out in March - April 2023 at three campuses that are research locations, namely Unesa, ITS, and Unair in Surabaya.

The thinking framework in this research identifies three main variables which are thought to have a significant influence on the quality of academic services in higher education. First, the influence of providing financial compensation on the quality of academic services, where financial compensation is considered as a form of appreciation for employee performance which can influence their motivation and performance. Second, the influence of employee digital literacy on the quality of academic services, recognizing the importance of employees' ability to utilize technology and information to increase effectiveness and efficiency in providing services. Lastly, the joint influence of providing financial compensation and employee digital literacy on the quality of academic services, which assumes that the combination of providing financial incentives and digital literacy skills has a positive impact on service quality.

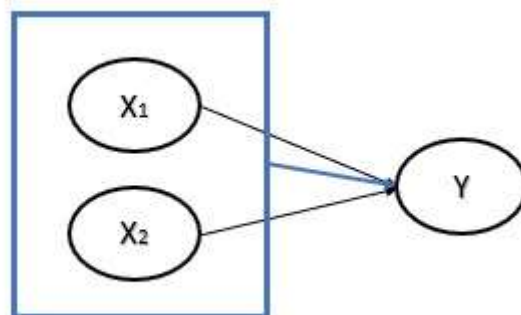


Figure 2.2. Relationships between variables in research
(Source: Data processed by the author, 2022)

Results and Discussion

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	26,911	2,428		11,084	,000
Providing Financial Compensation	,886	,071	,517	12,457	,000
Employee Digital Literacy	,113	,044	,107	2,579	,010

a. Dependent Variable: Service Quality

Shows the value of Beta Unstandardized Coefficients from which the conclusions of the multiple linear regression equation model are drawn as follows:

$$\hat{Y} = a + b_1X_1 + b_2X_2 + e_i$$

$$\hat{Y} 26.911 + 0.886X_1 + 0.113X_2 + e_i$$

Based on the multiple linear regression equation model, the constant value shows that it has a positive value, namely 26.911, meaning that if there are no variables for providing financial compensation and employee digital literacy, the value of the service quality variable is 26.911. The coefficient value of the variable providing financial compensation (b_1) of 0.886 is positive, meaning that every time there is an increase in the variable providing financial compensation, it will increase the service quality variable by 0.887 provided that the other variables are considered constant. The coefficient value of the employee digital literacy variable (b_2) is 0.113 which is positive, meaning that every time there is an increase in the employee digital literacy variable, it will increase the service quality variable by 0.113 provided that the other variables are considered constant.

Based on the coefficients table with t test analysis or partial test, the significance value is $0.00 \leq 0.05$, so the hypothesis test is significant. So it can be concluded that providing financial compensation significantly influences the quality of academic services at State Universities with Legal Entities in Surabaya. And the significance value of the employee digital literacy variable is $0.01 \leq 0.05$, so the hypothesis test is significant. So the common thread is drawn that employee digital literacy significantly influences the quality of academic services at State Universities with Legal Entities in Surabaya. So it can be concluded that all variables have a partial influence on service quality.

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4628.784	2	2314.392	83,995	,000b
Residual	11462.476	416	27,554		
Total	16091.260	418			

a. Dependent Variable: Service Quality

b. Predictors: (Constant), Employee Digital Literacy, Provision of Financial Compensation

Simultaneous test, the significance value is $0.000 \leq 0.05$, so the hypothesis test is significant, meaning that H_0 is rejected and H_a is accepted. So it can be concluded that the variables of providing financial compensation and employee digital literacy significantly influence the quality of academic services at Legal Entity State Universities in Surabaya.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.536a	,288	,284	5.24919

a. Predictors: (Constant), Employee Digital Literacy, Provision of Financial Compensation

The test value of the coefficient of determination or R Square is 0.288, so it can be seen that the large contribution that the variables of providing financial compensation and employee digital literacy have on the quality of academic services at Legal Entity State Universities in Surabaya is 28.8%. The remaining 71.2% is influenced by other variables.

The Influence of Financial Compensation on the Quality of Academic Services at Legal Entity State Universities in Surabaya

Based on the results of table coefficients analysis with t test analysis or partial test, the significance value is $0.00 \leq 0.05$, so the hypothesis test is significant. So it can be concluded that providing financial compensation significantly influences the quality of academic services at State Universities with Legal Entities in Surabaya. Providing financial compensation to employees based on the quality of academic services at the university has been analyzed to be strong and positive. In other words, an increase in the provision of financial compensation to employees at these universities is associated with a significant increase in the quality of academic services provided.

Several works, such as Adam Adam and Muryanto Lanontji (2021), aim to encourage competition in improving the reputation and quality of institutions, while fighting for freedom in management and funding. However, the impact also includes increased commercialization and unaffordable educational costs for some students (Adam & Lanontji, 2021). Farida Rahmawati and Nur Laily (2018) stated that the level of organizational effectiveness at PT 'X' Surabaya is below level 4 in the HOE graph, indicating that the organization is not yet effective. Therefore, to increase sustainable holistic organizational effectiveness, it is necessary to strengthen employee effectiveness, select, develop and maintain better leaders and employees, as well as strengthen more effective organizational culture, structures, systems and processes. (Rahmawati & Laily, 2018). Therefore, it can be concluded that financial compensation plays an important role in improving the quality of academic services in the higher education environment.

The Influence of Employee Digital Literacy on the Quality of Academic Services at Legal Entity State Universities in Surabaya

Based on the coefficients table with t test analysis or partial test, the significance value of the employee digital literacy variable is $0.01 \leq 0.05$, so the hypothesis test is significant. So a common thread is drawn, namely that employee digital literacy significantly influences the quality of academic services at State Universities with Legal Entities in Surabaya. The digital literacy of employees and the quality of academic services at the university are strong and positive. In other words, an increase in the digital literacy of employees at higher education institutions is associated with a significant increase in the quality of academic services provided.

Several works such as Chusna, Erlin Waridatul (2023) show that partially, digital literacy is closely related to people's interest in saving. (Chusna, 2023). Nesti, Yuliriyanti (2023) that digital literacy is closely related to interest in using digital services (Nesti, 2023). This shows the importance of developing digital literacy among employees as a determining factor in improving the quality of services in the academic environment.

Simultaneous Influence of Financial Compensation and Employee Digital Literacy on the Quality of Academic Services

F test or simultaneous analysis was carried out to examine the influence of the two independent variables together on the quality of academic services. The results show that the regression model that combines financial compensation and employee digital literacy simultaneously has a significant influence

on the dependent variable, with an F value of 83.995 and a significance (Sig.) of less than 0.000. This confirms that the model as a whole has high predictive power and significant in explaining variations in the quality of academic services. Thus, based on the results of the regression analysis, a common thread can be drawn, namely that digital literacy of employees at Legal Entity State Universities in Surabaya has a positive and significant influence on the quality of academic services

The results of the coefficient of determination (R Square) show that around 28.8% of the variation in academic service quality can be explained by the combination of financial compensation and employee digital literacy in this model. Meanwhile, around 71.2% of the variation in academic service quality is influenced by other factors.

This is in accordance with several works, namely Ni Putu Prema Swandewi (2024) that the t-value is significant ($p < 0.05$) for each variable, confirming the importance of these factors in improving the quality of education (Swandewi et al., 2024). HARTINI, Ratih Putri (2018) that good financial compensation is closely related to employee job satisfaction (HARTINI, 2018). Thus, overall, both financial compensation and employee digital literacy contribute significantly to improving the quality of academic services. The combination of these two independent variables has a strong influence in explaining variations in the quality of academic services, although there are still other factors that play a role.

Conclusion

Based on the results of multiple linear regression analysis, the high regression coefficient (0.886) and significance value (0.000) indicate a strong and positive relationship between providing financial compensation to employees and the quality of academic services. This indicates that increases in financial compensation are associated with significant improvements in the quality of academic services. Therefore, financial compensation plays an important role in improving the quality of academic services at these universities. Based on multiple linear regression analysis, digital literacy of employees at Legal Entity State Universities in Surabaya has a positive and significant influence on the quality of academic services. The regression coefficient of 0.113 indicates that every one unit increase in employee digital literacy contributes to an increase of 0.113 units in the quality of academic services, with a significant level of significance (Sig. = 0.010). ANOVA analysis also strengthens these findings by showing that the overall regression model has high predictive power in explaining variations in academic service quality ($F = 83.995$, Sig. = 0.000). Thus, the importance of developing digital literacy among employees as a determining factor in improving the quality of services in the academic environment is very real. Financial compensation and employee digital literacy have an individually significant influence on the quality of academic services, with financial compensation having a greater impact. Simultaneously, these two variables contribute significantly to improving the quality of academic services, with their combination explaining approximately 28.8% of the variation in service quality.

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