How Do The Employee Competencies, Product Innovation, Benefits, And Pricing Affect Service Quality: A Case Study Of BPJS Ketenagakerjaan

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Abstract - **BPJS Ketenagakerjaan has challenges in maintaining active participation in the self-employed sector, although this is mandatory according to the Regulation of the Minister of Manpower of the Republic of Indonesia Number 1 of 2016, due to the nature of registration based on the awareness of each individual and there is no obligation to pay fines if they do not pay contributions, making many self-employed participants not committed to paying contributions. This research aims to determine whether employee competencies, product innovation, benefits, and price affect service quality. The study used a questionnaire to collect the data from 200 participants of BPJS Ketenagakerjaan in the West Nusa Tenggara area. The analytical method used Logistic Regression and SEM analysis. The results showed that only product innovation had no significant effect on servicequality.**

Keywords – **Benefit, BPJS Ketenagakerjaan, Employee Competencies, Price, Product Innovation.**

I. INTRODUCTION

Social security is a form of social protection that guarantees all people meet their decent living needs. Every worker has the right to develop themselves as dignified human beings. In Indonesia, the task is charged to Badan Penyelenggara Jaminan Sosial (BPJS) Ketenagakerjaan (Social Security Agency). This government agency will guarantee workers, both from the wage earners and self-

Source: BPJS Ketenagakerjaan, 2021
According to Table 1, out of the 27 Middle B (Madya employed sectors, following Law No. 24/2011, which states that the government must give every worker protection. As stated in Law No. 24/2011, business entities must register their workers. There is a difference for self- employed people who work independently to pay their contributions. The importance of the self-employed sector's role in the development process has become a reason to raise awareness for the self-employed sector about the sacred protection of BPJS Ketenagakerjaan.
The acquisition of self-employed at BPJS Ketenagakerjaan is a challenge in itself, although, with cheap monthly contributions, it still needs to make self-employed people register themselves. Moreover, BPJS Ketenagakerjaan faces problems maintaining sustainability contributions in the self-employed sector to pay the second and subsequent contribution (Table 1).

Table 1: Achievement of active self-employed in BPJS Ketenagakerjaan 2021.

No.	Rank	Branch	Target	Realization	Percentage
1	236	Nusa Tenggaa Barat	95.604	58.905	62
2	237	Jakarta Pluit	66.950	40.967	61
3	241	Jakarta Kebayoran Baru	60.198	36.523	61
4	249	Padang	52.895	30.666	58
5	254	Medan Utara	26.032	14.922	57
6	270	Mojokerto	36.788	20.269	55
7	276	Juanda	38.083	20.421	54
8	285	Jambi	45.685	23.425	51
9	297	Tangerang Cimone	26.598	12.250	46
10	300	Tangerang Batuceper	30.500	13.970	46

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B) class branch offices across Indonesia, West Nusa Tenggara Branch Office (consolidated) is ranked in the bottom ten based on the target data for active self-employed participation in 2021. Compared to branch offices in other cities, West Nusa Tenggara has a higher percentage of self-employed; therefore, the achievement of 62% still needs to be viewed as insufficient. In Nusa Tenggara Barat Main Branch, there are four sub-branch offices in Lombok Tengah, Lombok Timur, Sumbawa, and Bima.

No	Branch Office	Target	Realization	Gap
1	Nusa Tenggara Barat	30.202	5.603	-24.599
2	Sumbawa	2.934	-1.541	-4.475
3	Lombok Timur	6.415	-479	-6.894
4	Lombok Tengah	2.549	90	-2.459
5	Bima	3.356	2.347	-1.009
	Total	45.456	6.020	-39.436

Table 2: Target and Realization of Active self-employed workers in Nusa Tenggara Barat, August 2022

Source: BPJS Ketenagakerjaan, 2022

Table 2 reveals that, overall, Nusa Tenggara Barat branch offices did not reach the active self-employed target until August 2022. The gap, which is minus 39,436 from the target set of 45,456 active self-employed, means that every month from January to August 2022, all BPJS

Ketenagakerjaan branch offices in Nusa Tenggara Barat lost a significant number of active workers.

Even though branch offices constantly attempt to collect premiums, the self-employed only make up a small portion of total contributions. Particular treatment and various policies are needed to manage insurance contributions and ensure payment sustainability,

especially for those who work in unorganized industries. Members did not consistently pay contributions for various reasons, not just the cost of the contributions. Regarding socioeconomic status, variables like monthly income and income stability can influence whether insurance is purchased or contributions payments are made. Because the wages of self-employed people are unpredictable, it is very challenging to collect contributions consistently.

Aside from payment channels, BPJS Ketenagakerjaan must also attach importance to the quality of service. Service quality dimensions are closely related to consumers' wants (Jasfar, 2009). This study aimed to analyze the impact of employee competencies, product innovation, price and benefit on service quality in self-employed participants in BPJS Ketenagakerjaan.

II. RESEARCH METHODS

The object of the study is self-employed who have been active in BPJS Ketenagakerjaan participants in 5 work areas of BPJS Ketenagakerjaan in West Nusa Tenggara, including the Main Branch West Nusa Tenggara (Mataram), Sumbawa, Lombok Tengah, Lombok Timur, and Bima. The number of samples is determined based on the results of the minimum sample calculation: the number of indicators multiplied by 10 (20 x 10 = 200). The sampling technique used purposive sampling. The primary data will be collected from online questionnaires with a 5- point Likert Scale. The data analyzed SEM (Structural Equation Model).
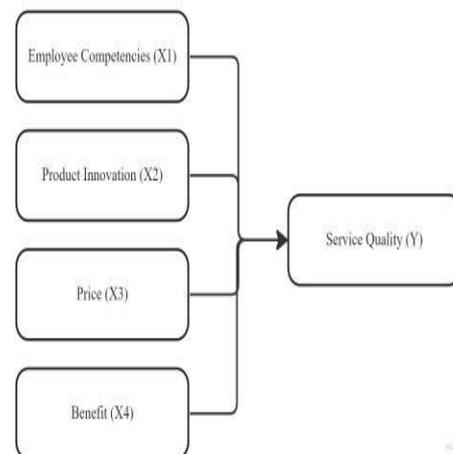

Fig.1. Research Framework.

The indicators of employee competencies variables are knowledge, understanding, and attitudes, according to Aditias (2018). The indicators of product innovation variables are product advantage and product credibility, according to Gatignon and Xuereb (2017). The indicator for price variables is the price of other products, consumer purchasing power, and customer lifestyle, according to

Tjiptono (2017). The indicator for the benefit variable is the benefits that the product can provide to customers, according to Tjiptono (2017). The variable indicators of service quality are responsiveness and customization, according to Phuong and Tran (2018).

The formulation of the hypothesis is as follows.
H1 : Employee competencies have a positive and significant effect on service quality
H2 : Product innovation has a positive and significant effect on service quality
H3 : Price has a positive and significant effect on service quality
H4 : Benefit has a positive and significant effect on service quality

Table 3: Indicators and Variables

Variable	Indicator	Notation
Employee Competencies	Knowledge	EC1
	Understanding	EC2
	Attitude	EC3
Product Innovation	Product Advantage	PI1
	Product Credibility	PI2
Price	Price of Other Products	PR1
	Competing price	PR2
	Consumer Purchasing Power	PR3
	Consumer's Lifestyle	PR4
Benefit	Providing benefit	BE1
	Benefit understanding	BE2

III. LITERATURE REVIEW

1. Employee Competences

Competence is the capacity of a person to perform a task correctly and to benefit from factors related to knowledge, skills, and attitudes. Sutrisno (2020) defines competence as the behavioral component of a leader's expertise or excellence. Competence is required in both public and private organizations, especially to meet the demands of those places where change happens very quickly. Competence is a quality that is based on knowledge and skills and is backed by work attitudes. It is applied to tasks and work at the workplace and is applied in a way that takes into account the specific work requirements.

According to Mitrani and Dalziel (2020) claimed that competence or ability is defined as a fundamental quality of a person that is connected to how well a job is carried out. An individual who performs better than average does so because of these differences in competencies. Goals, self-concepts, attitudes or values, problem-solving skills, or other personal characteristics that can be calculated and demonstrated to clearly distinguish a superior actor from an average performer—or an effective actor from an average performer—can all be considered to be examples of competence. In effective performers.

2. Service Quality

According to Saha & Theingi (2009) added that the consumers' evaluation of service quality is based on whether the service quality they received was in line with consumer expectations before receiving the service.

Service quality is customers' attitude established by a long-term evaluation of service performance. According to Phuong and trang (2018), two dimensions used to measure service quality are responsiveness (employees' willingness to deal with customers' complaints and requests) and customization (the degree of individualization of communication and awareness of service providers of consumer needs). In this case, service quality is expected to come from several aspects such as employee competencies, product innovation and price.

McDelland in Rivai and Sagala (2013) defined "competency as a fundamental characteristic possessed by someone who directly influences, or can predict excellent performance". Competence is a key determinant for a person in producing a good performance and in a collective situation, and the determinant of organizational success. Based on the competence, performance, or quality of service will be generated, then work achievement is generated from the performance or service quality and effectiveness and efficiency will occur.

According to Kandampully (2002), product innovation in the services industry is the result of the energy spent by the enterprise on thinking like the customer, and hence the innovation efforts will result in the formation of a customer value. Innovation is defined as the production of new ideas to create sustainable customer value, and the adoption of these ideas in new products, new processes, and managerial procedures, by Nasution and Mavondo (2008).

Kotler (2009) mentioned a price is a form of value of an item or other amount of money charged to a good or service. Price is one factor that must be controlled harmoniously and in harmony with the goals to be achieved by every business.

3. Product Innovation

According to Wang & Ahmed (2007), to create and maintain a competitive advantage, product innovation is a crucial organizational capability. The ability of an organization to produce new goods and align strategic innovative orientation with innovative behaviors and processes are key components of innovation capability mentioned by Wang & Ahmed (2004). In order to increase a company's success, an innovative capability is primarily demonstrated through the development of novel and imaginative products as well as market penetration into various niches. Innovative ability, according to Lazonick and Prencipe (2005), is a critical component for an industry's growth and survival in the face of fierce competition. An organization acquires higher dynamic capabilities the more innovative capability it has.

Kaplan (2009), mentioned that beyond directing business practitioners in branding activities, product innovation is also widely regarded as a driving force for organizational growth and building brand equity. The majority of previous research on innovation has primarily concentrated on product innovation because it has been determined that this is the most important factor for enhancing a brand's success Saridan et al., (2008). When a company focuses on developing new products, it can enhance the perception of "innovativeness" through marketing communication tools to raise brand awareness, which could ultimately have a big impact on how customers view the innovation and added benefits of a specific product design as stated by Kaplan (2009). Therefore, product innovation is essential for establishing brand equity because, in most cases, it strengthens and expands the brand's meaning.

Observed by Kaplan (2009), brand building and improving brand equity are made easier by product innovation activities. Organizations that engage in innovation activities, in particular, can achieve superior performance and growth compared to those that do not, and they typically have better brand awareness and draw in more customers (Kingsland 2007). Customers unquestionably assess brand innovativeness based on product design and quality because they can convey strategic messages about the brand's performance through these components (Karjalainen 2004).

4. Price

A price is a sum of money that can be used to buy a certain amount, weight, or another measure of a good or service. Price is the fundamental building block of all commercial transactions because it serves as the compensation exchanged for the transfer of ownership. It may be specified in a written agreement, left to be calculated at a later date using a predetermined formula, or learned or negotiated as the result of discussions between the parties. The cost of a good or service is known as the price. Price is, in general, the sum of money that a customer exchanges for the privilege of purchasing a good or service (Kotler 2014)

Armstrong et al. (2017) define price as the amount of value exchanged by customers for the benefit of owning or using a product or service. Perception of price concerns how price information is understood by consumers and made meaningful to them so prices have a very important role in purchasing decisions (Fatmawati and Soliha 2017). Price can be an indicator of value for consumers to assess the perceived benefits. Sari and Yuniati (2016) state that price will determine whether a product is accepted or not by consumers and price is a variable that can be controlled with indicators to measure price, including affordable prices, competitive prices, and prices according to benefits.

IV. RESULTS AND DISCUSSION

1. Characteristic of Respondents

From the questionnaire that was distributed, 200 respondents were collected. The following is a summary of the respondents, which can be seen in Table 4.

Table 4: Characteristics of Respondents

Category	Characteristic	Percentage (%)
Age	17 – 26 years old	28
	27 – 35 years old	28
	36 – 45 years old	16
	46 – 55 years old	14
	56 – 65 years old	14
Gender	Male	64
	Female	36

Type of Work	Entrepreneur	34
	Agriculture	19
	Marine	16
	Driver	31
Length of Work	1-3 years	50
	< 3 years	50
Salary	< 1 Million	13
	1-3 Million	21
	3-5 Million	42
	>5 Million	24

Education	Elementary School	4
	Junior High School	11
	Senior High School	33
	Diploma	3
	Bachelor Degree	41
	Post Graduate	8

From the respondent data collected, it can be illustrated that the participants currently dominating are the millennial generation owners of small and medium-sized enterprises that are just starting out where their focus is on building their businesses. Unstable income means that the importance of social security is not considered a priority.

2. Analysis of the Measurement Model (Outer Model)
Evaluation of the measurement model is first carried out at the outer stage model by evaluating convergent validity, which includes measuring the validity value (loading factor and AVE value) and measuring reliability (composite reliability). The results of the outer model can be seen in Figure 2.
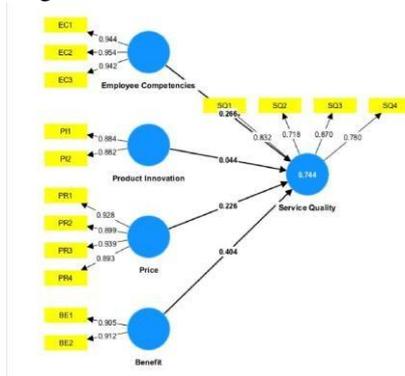

Fig.2. Outer Model

All of the constructs have met the criteria with an AVE value above 0.5, so the construct is valid and meets the convergent validity criteria. The Fornell Larcker Criterion method was used to test discriminant validity by comparing the square root of the AVE for each construct with the correlation value between the constructs in the model (Hair et al., 2014). The cross-value loading for each variable must be greater than 0.70 (Ghozali, 2015). The diagonal correlation values of the constructs with the construct itself are more significant than the correlation values to other constructs.

Thus, it is valid. Reliability tests are carried out to prove the accuracy and consistency of instruments in measuring constructs (Hair et al., 2014). The Reliability Test was carried out using the Composite Reliability and Cronbach's Alpha tests by looking at all latent variable values having composite reliability and Cronbach Alpha values ≥ 0.7. Moreover, the test results of Cronbach's Alpha showed all latent variable values have a Cronbach's

Alpha value ≥ 0.7. It can be concluded that the construct has good reliability. Evaluation of Measurement Model (Inner Model) This study uses structural model evaluation (Inner model), which aims to predict the relationship between latent variables, by looking at the value of the coefficient of determination (R2), the value of path coefficients (path coefficients), and the value of t-statistic (bootstrapping) to assess the structural model (inner model).

R-square Value (R2)
Adjusted R Square value measures the degree of variation in the independent variable changes to the dependent variable. The higher the Adjusted R Square value means, the better the prediction model of the proposed research model. Table 13 presents the Adjusted R Square value for the research dependent variable.

Table 5: R-Square

	R-square	R-square adjusted
Service Quality	0,744	0,739

Source: Output processing with SmartPLS 4.0 (2022)

Based on table 5, it can be seen that the R-Square value for each affected variable. The value of R Square for the service quality variable is 0.744, which explains that the employee competencies, product innovation, price, and benefit variables can affect the service quality variable by 74%.

3. Hypothesis Testing
Hypothesis testing is a technique for establishing the importance of connections between constructs in order to support a hypothesis. The significance of the association between constructs is demonstrated by the t-test produced by the bootstrapping procedure. The path coefficient test is used in the bootstrapping process to recalculate random sample data to determine the T statistic and p-value. If the P value is less than 0.05 and the Tstatistic value is higher than the T-table, the defined variable has a relationship. The value of the T-table for testing the two-tailed hypothesis is 1.96, with a 95% confidence level (Ghozali 2014). Table 6 displays the path coefficient and t-test results.

Table 6: Results of Path Coefficient and t-test

	Original Sample (O)	T-Statistics (|O/STDEV|)	P-values	Explanation

Employee Competencies ->Service Quality	0,266	2,465	0,01 4	Signif icant
Product Innovation-> Service Quality	0,044	0,544	0,58 7	Not Signif icant
Price-> Service Quality	0,226	2,221	0,02 6	Signif icant
Benefit-> Service Quality	0,404	5,067	0,00 0	Signif icant

Source: Output processing with SmartPLS 4.0 (2022)

The significance is indicated by the T-statistic value for the overall mean hypothesis, which was calculated in table 6, and has a greater value of 1.96. On the other hand, the coefficient value indicates whether the direction is positive or negative. Except for the second hypothesis, which states that the product innovation variable has a negative and insignificant effect on the service quality variable, the results of the interpretation of the study hypothesis have a positive influence and are significant.

H1: Employee competencies have a positive effect on service quality
The path coefficient value is 0.266. It is also known that the P-Values (0.014) < 0.05 and the T-Statistics (2.465) > T table (1.96) mean that there is a significant positive effect between employee competencies on service quality. This explains that the higher the value of employee competencies, the higher the service quality. The result of this study is also supported by research conducted by Atalie and Ratih (2018), which states that employee service competency affects service quality. Employee skills are vital for better performance in the service business. Managers must pay more attention to employee skills to ensure successful service performance.

H2: Product innovation has a positive effect on service quality
Based on the path coefficient values and T-statistics in Table 6, product innovation has a positive and not significant effect on service quality. These results indicate that the value of the coefficient of determination is 0.044, with the values of the T-statistic (0.544) < T-table (1.96) and a P-value of 0.587 > 0.05. This study's result contradicts research conducted by Vijaya et al. (2021), which states that product innovation can directly increase service quality.

H3: Price has a positive and significant effect on service quality
The path coefficient value is 0.226. It is also known that the P-Values (0.026) < 0.05 and the T-Statistics (2.221) > T table (1.96) show then there is a significant positive effect between Price on Service Quality. This explains that the better the Price, the higher the Service Quality obtained. The results of this study are also supported by research conducted by Nasution (2017), which states that the price variable had a positive and significant influence on service quality. The price in question is whether the BPJS Ketenagakerjaan Contribution fee is more affordable and competitive than other insurances. In addition, the contributions set by BPJS Ketenagakerjaan must be under the consumer's ability and lifestyle.

H4: Benefit has a positive and significant effect on service quality
The path coefficient value is 0.404. It is also known that the P-Values (0.000) < 0.05 and the T-Statistics (5.067) > T table (1.96) means that there is a significant positive effect between Benefits on Service Quality. This explains that the higher the Benefit value, the higher the Service Quality. The result of this study is also supported by research conducted by Wangsa and Maria (2020), which states that product benefits have an involvement in service quality. Furthermore, Sulistiyono (2016) says that benefits positively and significantly influence service quality. The benefits in question are BPJS Ketenagakerjaan helps consumers solve employment problems, such as work accidents, deaths, etc.

IV. CONCLUSION

The research that has been done produces conclusions that answer the research objectives. From variable employee competencies, product innovation, benefits, and price variables, there is only product innovation variable that is not significant to service quality. This explains that the higher the value of employee competencies, product innovation, benefits, and prices, the higher the service quality. This is because product innovations such as co-marketing are deemed not suitable for the needs of self-employed participants at BPJS Ketenagakerjaan.

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