

THE INFLUENCE OF LEADERSHIP COMPETENCIES AND COMPENSATION ON CHIEFS OF VILLAGES' PERFORMANCE AS PUBLIC ADMINISTRATOR IN THE DISTRICT OF GORONTALO

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ABSTRACT

This research aims at finding out the extent of simultaneous influence of leadership competencies and compensation on performance of chief of village as village public administrator in the district of Gorontalo. This is a quantitative research with multiple regression analysis as its method of analysis. The population of this research is all 191 chief of villages in the district of Gorontalo with 60 chief of villages among them as research sample.

The results of the test from three proposed hypotheses are: (1) the t-count for leadership competencies is 0.979 with the p value of 0.032. As the p value is smaller than 5% it means that H_0 is rejected. It means that leadership competencies variable has positive and significant influence in determining the performance of the chief of village. (2) The t-count for compensation variable is 6.318 with the p value of 0.000. This p value is also smaller than 5%. Hence, H_0 is rejected. Thus, the compensation variable has positive and significant influence in determining the performance of the chief of village. The simultaneous significance test (F test) reveals that the F-count value is 64.038 with the p value of 0.000. This value is much smaller than the 5% value, which means that H_0 is rejected and H_1 is accepted. Therefore, in the significance level of 95% it can be concluded that simultaneously, all the independent variables have positive and significant influence toward the performance of chief of village. The determinant coefficient or the R-square is 0.696. This value means that 69.6% of the chief of village's performance is influenced by independent variables within the model (leadership competencies and compensation), whereas, the rest 30.4% is influenced by other factors outside this research.

Keywords: *leadership competencies, compensation, and performance.*

1. INTRODUCTION

1.1 Background

Village is an administrative area under the sub-district populated by a group of community and led by an officer called chief of village. Village development has been started since the New Order regime unto current reformation regime. Almost all sectors and programs of development is targeted for village such as, education, health, economic and trades infrastructure, and etc. During the Soeharto regime, each village obtained Presidential Instruction of Village Development Fund of 100,000 Rupiah in every fiscal year. This village assistance fund also came along with the guideline for development of participatory planning and month of LKMD services together with Village development deliberation that was carried out every March each year. To strengthen the village development efforts, Law No. 5 of 1975 on Village was issued.

Village development goes on (Agusta, 2014), during the reformation regime, as a total correction toward the previous centralistic development regime, Law No.22 of 1999 on Regional Development was issued on decentralized development, which was later amended by Law No. 34 of 2004. In the latter Law, village is also regulated. Regardless, to the government assistance fund as explained above is no longer existed, the annual local state budget also contain allocation for village development under the heading of Village Fund Allocation (ADD).

Through this ADD assistance, it is expected that village can be developed to create a prosperous community. in reality, there are many under developed villages, due to head of village as public administrator are lacking in leadership competencies. The competencies in this sense are competencies to consolidate the village potentials. As a consequence, chief of village is unable to successfully develop the village, many of the village population are living under welfare, high level of unemployment, etc.

Therefore, in order for the chiefs of villages to bring up appropriate performance as public administrators in villages, they have to have leadership competencies related to their tasks and functions. In Law No. 6 of 2014 on tasks and function of chief of village is to implement village government, implement village development, building of village community, and empowerment of village community. within implementation of the tasks above, the chief of village

is authorized to: a) lead the implementation of village governance; b) appoints and dissolves village apparatus; c) holds the authority of village financial and assets management; d) authorize village regulation; e) authorize village annual budget and expenditure; f) build and maintain village life, g) help maintain the village order, h) help and improve the village economy and integrate the efforts to maximize the productivity of small scale economy for the welfare of the village community; i) develop the village source of income; j) propose and accept the delegation of state's resources to improve the people's welfare; k) develop socio cultural life of the village people, l). make use of appropriate technology; m). coordinate the participatory village development plan, n). represent village within and outside the court of justice or appoint legal attorney to represent the village as stipulate within the law; and o). implement other authority that are appropriate with the law.

With this overwhelming tasks and function it is clear that the chief of village is demanded to have leadership competencies not only related to governance, but also competencies related to development, people's relation, financial management and villagers' empowerment. Through these set of competencies chiefs of villages will have sufficient performance to lead the village. The standard of competencies is important as a guideline for someone who wants to sit in any structural positions, including to be chief of village. In addition, it can also be a guideline for implementation of tasks at hand (Thoha, 2008:120).

The competencies mentioned above are generally found within the chiefs of villages as public administrators in villages in the district of Gorontalo, such as ability in leading the governance and consolidating the villagers' participation in planning, implementation and monitoring of the development and management of the village finance.

In addition to leadership variable mentioned above, there are also other variables that influence the chiefs of villages performance' in their position as head of government in the village. One of these variables is the compensation variable for their role in implementation of tasks and functions (see Mathis and Jackson in Amins, 2012, & Rivai & Basri; 2005:16). This is parts of their rights.

This compensation variable is becoming more important as the chiefs of villages are generally non-government employees who have fixed monthly income. Chiefs of villages are generally recruited or elected from prominent members of community who are not government employee and their income is not fixed. there are source of income available from productive cultivation of village potentials without having to impose on villagers. Because in chief of village hand there lays functions to manage village budget and expenditure. In village budget and expenditure there are post for village apparatus expenditure related to incentive and salary.

Chiefs of villages expect compensation from government of Gorontalo district which nominal is below the minimum salary of the province. This is clearly insufficient to fulfill their household needs, not to mention other needs such as, educational expenses of their kids, family health care expenses, electricity, etc. As the consequences, they are unable to optimize their performance in implementing their tasks and functions, which in turn, made the government, development, and empowerment of the villagers ineffective.

Based on this notion, it is assumed that the chief of village performance in governing, developing and empowering the villages are largely influenced by their leadership competencies and compensation. Therefore, I am interested to study the extent of leadership competencies and compensation toward the performance of chief of village as public administrator in village level at the district of Gorontalo.

2. LITERATURE REVIEW

2.1 Theoretical framework

2.1.1 Performance of chief of village as village public administrator

Both Individual and group's activity in an organization is always directed toward achievement of goals or attainment of objectives. The result of these activities is generally called performance. As Gibson, Ivancevich and Donnely (1997) say that performance is level of success in implementation of tasks and ability to attain the set objectives.

In the same tone, Armstrong and Baron (1998:5) put in that performance is the result of a tasks that has strong correlation with strategic goals of the organization, consumers' satisfaction, and has economic contribution. This view is clearly referring to human resource in organization especially private organization. However, this is also related to public organization or government institutions.

Mangkunegara (2009:9) propose a definition of human resources' performanve in detail with number and time to produce a job, where he says that performance is a work achievement or output of activities, both qualitatively and quantitatively, in certain period of time in implementation of tasks and functions as responsibility given to him/her.

Chief of village profession is as a leader of public administrator in the village level, based on the strategic objective of village governance, hence the public in village level are serviced, fulfilled, and satisfied their needs as well as empowering their potentials. If these can be properly implemented, then performance of chief of village can be said as good.

Tasks and functions of the head of village as public administrator in village level has been stipulated in detail within Law No.6 of 2014 on Village Law, that is to carry the village government, implement village development, assist and guide the community, and empower the community. For the implementation of those tasks, the chief of village, according to this regulation, is authorize to: a) lead the implementation of village governance; b) appoints and dissolves village apparatus; c) holds the authority of village financial and assets management; d) authorize village regulation; e) authorize village annual budget and expenditure; f) build and maintain village life, g)help maintain the village order, h) help and improve the village economy and integrate the efforts to maximize the productivity of small scale economy for the welfare of the village community; i) develop the village source of income; j) propose and accept the delegation of state's resources to improve the people's welfare; k) develop socio cultural life of the village people, l) make use of appropriate technology; m) coordinate the participatory village development plan, n) represent village within and outside the court of justice or appoint legal attorney to represent the village as stipulate within the law; and o) implement other authority that are appropriate with the law.

In carrying out the tasks as mentioned above, the chief of village is authorized to: a. propose the organizational structure and working arrangement of the village government; b. propose and authorize the village regulation; c. receive monthly income, incentive and other legal income, and receive health care insurance; d. receive legal protection on implementation of the policy; and e. authorize other to implement other tasks and duties of village apparatus.

For the implementation of the tasks as mentioned above as well, chief of village is mandated to: a. upheld and practice the Pancasila, implement the 1945 Constitution, and implement and maintain the unity of the United Nation of the Republic of Indonesia, and Bhineka Tunggal Ika; b. improve the people's welfare; c. maintain peace and security in the village level; d. obey and upheld the regulation; e. implement democratic and gender equity life; f. implement accountable, transparent, professional, effective and efficient, clean, and free of collusion and nepotism village government; g. cooperate and coordinate with whole village stakeholders; h. implement a proper administration of village government; i. manage the village finance and asset; j. implement the government's rule in the village level; k. settle the dispute in village level; l. develop the economy of the village people; m. maintain and preserve the socio cultural values of the villagers; n. empower the community and the village institution; o. develop village resources potential and preserve the environment; and p. pass on information for the village people.

In the implementation of his tasks, duties, roles, and regulation as mentioned above, the chief of village is obligated to: a. provide a report on the implementation of village government at the end of fiscal year to the Mayor or head of the district; b. provide the report on the implementation of village government at the end of his serving time; c. provide report on the implementation of governance in written to the village deliberation institute at the end of every fiscal year; and d. give or pass on the information on the implementation of governance in written to the villagers at the end of every fiscal year.

Performance of the chief of village will be seen on the implementation of tasks and functions, both in quality and quantity. In relation to this performance measurement, Bernardin and Russell (1995) propose six primary criteria for performance measurement:

1. Quality, is the extent to which process or output of a task is close to perfection or close to the expected result
2. Quantity is the extent of numbers of output produced
3. Timeless, is the extent to which an activity is completed in the expected time, in regard to the coordination with other output and time allocated for other activities
4. Cost effectiveness, the extent to which the usage of organizational resources (human, financial, technology, and materials)are maximized to attain highest achievement, or prevention and decreasing the level of loss in each unit of resource usage.
5. Need for supervision, the extent to which an employee is able to work without supervision from the supervisor to prevent unnecessary actions.

In line with Bernardin and Russell above, Ammons (1996) propose a way to measure performance through workload, efficiency, effectiveness, and productivity.

In addition, Blanchard and Johnson in Wibowo (2013:102) propose seven indicators in measuring performance namely, objective, standard, feedback, tools or means, competencies, motives, and chances.

The properly formulated objective of the organization will make it easier for the members to achieve. Objective is the desired situation and performance is directed toward the realization of these objectives and goals.

Performance attainment will be meaningful if there are certain standard of achievement. Through this work standard, one's performance or organizational performance can be measured, whether it is success or failure. Work standard related to product for instance on how is the model, the size, the shape, how long it takes to produce the product, the qualification of people who work on the product, and the standard of cost used.

The result of performance will be a feedback for the organization to plan further activities. Weaknesses in previous performance has to be fixed and improved, whereas, the positive aspects of the performance need to be maintained and enriched, hence, the performance for the attainment of the organizational objective will be better.

Work tools or means is important factor in measuring the performance. A success with waste of resources, in addition to execution of ineffective and inefficient activities regardless to its success will be a long term loss for the organization.

Kaplan and Norton (1992) use balanced scorecard in measuring performance through four perspectives namely, customers perspective, internal perspective, innovation perspective, and financial perspective. I believe that in measuring the performance of chief of village, Kaplan an Norton's balanced scorecard will be best to use as indicator of the research. I argue that performance cannot only be measured internally, but also through external aspect of village government such as, the villagers' component as the beneficiary of the services.

Internal perspective includes village apparatus, means and resources – natural and manmade -, financial perspective, and innovation perspective or improvement and creation of the chief of village in providing services for every villager. The following is the description of those four perspectives:

- a. Customer's perspective is whether customers, in this case community are satisfied or unsatisfied with the services provided by the chief of village. If the villagers are satisfied then it can be said that the chief of village performance is good and
- b. Internal perspective is how the chief of village consider his or her apparatus will work properly without being lazy or absent from their works.
- c. Innovation perspective is whether the chief of village in leading the government and the development in guiding the village are able to create innovation and applicable creation
- d. Financial perspective is whether the chief of village are able to create village budget and income properly and applicable in fulfilling the demand of the government and meet the village development needs as well as able to empower the community.

If these four perspectives are able to be met, it can be said that the chief of village performance is good.

2.1.2 Leadership competencies of the chief of village as public administrator on village level

Leadership competencies of the chief of village related to the ability of the chief of village in implementing his or her tasks and functions as the head of the government and the development, and empowerment of the village community. Ability is the means to implement or do a job or a task that base on skill and knowledge and supported by work attitude demanded by the job (Wibowo, 2013:324).

It is important to note what is competency. Competency relates to certain work attitude. A job will only be done if the person doing that job has competency or ability related to that job. This is as Hasbullah (2008:89) stated that competency is professional ability that suitable with portfolio. Portfolio here is ability that suitable with a job. Regardless to the level of education, if that education does not match with the skill required for the job, it can be said that the person is incompetent.

Hasbullah's opinion above is intended for a teacher or an educator, where the competencies comprise of academic qualification, participation in various trainings, teaching experience, and able to do teaching planning, monitoring and evaluation.

According to Spencer and Spencer (1993:9), competency is the basic characteristic of person and indicates the way of thinking or behavior, recognizing similar situations, and support sufficient period of time. From this definition it is clear that one's skill can point out one's ability to do a job. Thus, ability refers to one's individual capacity in executing various tasks in certain jobs.

However, certain competencies are tied to certain jobs, because it would be illogical if one competency would work for every job. Robbins (2001:37) divides two types of ability, intellectual ability and physical ability.

Intellectual ability is the capacity to implement mental activities such as: numeric ability, verbal understanding, perceptual speed, inductive reasoning, deductive reasoning, space visualization, and memorizing ability. Whereas, physical ability is the ability to implement tasks that needs stamina, skill, strengths and other similar characteristics.

Related to those two ability, Rivai and Mulyadi add one type of ability, that is spiritual ability (2009:234). This ability is sufficient faith. Spiritual ability is a fundamental basis for intellectual quotients (IQ) and emotional quotients (EQ).

In relation to leadership competencies of the chief of village, it is defined as the ability of the chief of village in mobilizing the community based on certain academic qualification, strengthened through education and trainings, sharpened by experience in leading the village government and ability in planning, implementation, and monitoring of the development.

Leadership competencies are one of several competencies proposed by Wibowo (2013:328-329). In addition, Mumford, *et. al* (2000), Hughes, Ginnet, (2004:491) describe leadership competencies as problem solving skill, social judgment skill, and knowledge to improve performance of the organization.

In the same tone as the statements above, Hersey and Blanchard (1977:7) propose leadership competencies as conceptual competencies, social competencies, and technical competencies. Further, Yukl (2007:34), The Liang Gie, (2000:9), state that in order to implement his tasks and responsibility within a managerial position, leaders should have ability in supervising, planning and organizing, decision making, monitoring indicators, controlling, describing, coordinating, consulting, and administering. Even, Adair in Williams (2005:31) opines that a leader has to be as much as possible able to achieving the task, maintain the team, meeting the needs of the individual.

2.1.3 Chief of Village's Compensation

Compensation related to award given to someone by the organization as payment to its members for the attainment of organizational tasks. Werther, Yr and Davis (1996:259) state that compensation is reward received by an employee as payment toward the contribution that he or she has given to the organization.

Compensation refers to everything received by an employee in an organization where he/she puts his or her efforts (Schuler, 1987: 287) uses total compensation term for activities where organization measure employee's performance and pay back with monetary and non-monetary compensation based on the organization's ability and by observing the prevailing law.

Total compensation disbursement also means that the compensation is given to all members of the organization according to each of their contribution within the organization. Casteter in Yuniarsi and Suwitno (2011: 125) says that in relation to this total compensation, the compensation planning has to consider all members of organization in each level and tasks within the system, as well as consider all forms of personnel compensation including salary, wages, collateral benefits, non-salary, and non-economic provision.

Compensation is certain rewards given to the employee in order to encourage the employee to perform to certain standard in addition to developing and maintaining the employee's expectation. As Handoko (2001:176) points out that compensation is stimulant offered to the employees to work based on certain set standard. Panggabean (3003:93) also puts in that compensation is what link the salary and the productivity, compensation is reward in form of money given to those who has worked above and beyond the standard.

Thus, it can be concluded that compensation is a form of reward, material and immaterial, purposefully given to the employees in order to encourage them to improve their performance; hence, it will bring benefits for the organization. In other words, compensation disbursement is disbursement of money or other reward outside the salary as organizational acknowledgement toward one's performance and contribution toward the organization.

However, it has to be keep in mind that in compensation disbursement, the fairness principle has to be observed in regard to one's efforts, education, seniority, achievement and the degree of difficulty of the tasks among the employees, because people will tend to compare their compensation with others. If this principle is observed and implemented, the employees will be more encouraged to work toward the achievement of the organizational goals (Davis & Newstrom; 1985:127).

There are two type of compensations in an organization, monetary and non-monetary compensation. Lefton and Buzzota (2005:92) call this compensation as visible needs. Further, Mahmudi (2008:173) divide compensation into three main components: a) salary, b) welfare, c) social and psychological reward.

Salary is a very crucial component of rewards for employees. In general, a higher salary will increase employees' work satisfaction and decrease the level of work turn out.

Welfare, like salary, the valued can be measured, because welfare can be in form of positional incentive, health care, child education benefit, and pension, work facilities such as vehicle, official residence, and immaterial welfare such as recreation, holiday, etc.

Carrier development cannot be put aside, because it is important in every organization. Those with high working achievement need to be given carrier development and professional development. Professional development incentive can be given in form of further study, trainings and workshops, attending seminars, and other professional development activities. In addition to that, social and psychological reward is also not less important in increasing the employees' performance. Other forms of reward are job promotions, earning of trust, increase of responsibility, giving wider authority, acknowledgement and praise.

However, it has to be kept in mind that in disbursement of compensation, seniority of length or service is not the only thing to be considered; rather aspects that can encourage employees to perform better have also to be considered. The compensation intended in this discussion is the implementation of variable pay program (Robbin; 2001:198). Some management acknowledges that through the implementation of fluctuated salary, it influences some variables in organization's fixed cost into cost variable, which in turn save expenses when the employees' performance decrease. In relevance to this discussion, this is best to be applied for village apparatus who are mostly freelance workers and the fact that village revenue is limited.

3. RESEARCH METHOD

This research uses the combination of sequential explanatory model (Sugiyono, 2015: 549). The independent variables in this research are (1) Leadership competencies of chief of village (X1) and (2) compensation (X2), whereas the dependent variable in this research is performance of the chief of village. The population of this research is all the chiefs of villages in the district of Gorontalo which accounted for 191 chiefs of villages. Meanwhile, the sample is 60 chiefs of villages.

The data in this research are analyzed using the inferential statistical analysis, the multiple regression analysis. The data have previously undergone the validity, reliability, and classic assumption tests, in which these classical tests are comprised of non-multi colinearity test, non- heteroscedasticity test, and data normality assumption test.

4. DISCUSSION

Based on the result of the test toward the first hypothesis, the leadership competencies of the chief of village is assumed to have significant influence on the performance of the chief of village, shows that the leadership competencies have significant influence on the performance of the chief of village. This is proven by the t-count for leadership competencies that account for 0.979 with the p-value of 0.032. This p-value is smaller than the significant standard of 5%, hence H_0 is rejected and H_1 is accepted. Therefore, it is concluded that the leadership competencies variable has significant influence in determining the performance of the chief of village. Leadership competencies consist of problem solving skill, social judgment skill, and knowledge. These skills are related to the level of education of the chief of village in the district of Gorontalo that turned out to be sufficient. This is backed up by the result of the interview with the Secretary of Empowerment Agency in the District of Gorontalo, in which he reveals that 70% of the chief of village hold the high school diploma, 20% hold the bachelor degree diploma, and only 10% hold the junior high school diploma.

From the leadership experience, the work tenure of the chiefs of villages are generally serve for one term of service. That serving time has ensured the need for professionalism improvement that require when one continuously work in a job (Thoha; 2008).

This result is also backed up by the interview with the Chief of Pantungo Village that reveals the key of success in his leadership are due to the existenc e of the following things:

- Communication in implementation of the tasks
- The community that understand the government programs

- Community awareness in paying the tax
- Understanding of their tasks and functions
- Cooperation with village government, village institutions and community,

However, he also adds that the lack of office facility such as computer and motored vehicle is the obstacle in doing his jobs (direct interview on 1 October, 2016).

The responds of the respondents above, it is clear that the things he mentioned are related to the social judgment skills (in Mumford, *et al*) as leadership competencies that are effectively implemented, that is the ability to give clear opinion to the community on the government programs and the implementation of the development programs, including maintaining and creating harmonious cooperation with the head of the village institutions, assist and influence the community to accept the government programs, including to pay the tax on time annually.

In addition to that, the obstacle for the chief of village in implementing the government tasks and the development tasks is the lack of facility and the lack of skill to operate the village facility, such as computer, which is one of the demand in accomplishing the tasks (Terry; 1970:30).

In the efforts to increase the competencies of the chiefs of villages in the district of Gorontalo, since 2014, along with the preparation for managing the village fund allocation, the district government in cooperation with STIE Patria Arta of Makassar has been conducting the “village fund management” training. The participants in this activity are the village treasurers. In addition the chiefs of villages and the village treasurers also obtained the “certificate” from the National Certification Agency in Jakarta (direct interview with the Secretary of Village Government and Empowerment Agency, October 12, 2016).

5. THE INFLUENCE OF LEADERSHIP COMPENSATION TOWARD THE PERFORMANCE OF CHIEF OF VILLAGE AS PUBLIC ADMINISTRATOR IN THE VILLAGE LEVEL

The t-count for the compensation variable is 6.318 with the $-$ value of 0.000. This p-value is smaller than the significant standard of 5%, hence, the H_0 is rejected. Therefore, it is concluded that the compensation variable that consists of (a) salary, (b) welfare, (c) carrier development, (d) psychological and social compensation has positive and significant influence in determining the performance of the chief of village.

This research has empirically proven that the performance of chiefs of villages in the district of Gorontalo is largely determined by the compensation toward their achievement.

Chief of village and the village apparatus receive fixed income, and other incentive based on the Bupati’s Regulation No. 48 of 2015. The compensation for chief of village and the village apparatus are as follow:

- a. Income
 1. Chief of village’s Rp. 1,000,000
 2. Secretary of the village’s Rp. 750,000 (for non-government employee)
 3. Head of Units’ Rp. 600,000, -
 4. Head of Hamlets Rp. 500,000,-
- b. Incentive
 1. Chief of Village’s Rp. 1,500,000-
 2. Secretary of the village’s Rp. 750,000- (for non-government employee)
 3. Head of Units’ Rp. 400,000
 4. Head of Hamlets’ Rp 150,000

In addition, the chief of village receive the performance incentive from the Provincial Government that ranges from Rp. 1,000,000 to 1,500,000 (in Husain, 2011).

The significance of this compensation for the chiefs of villages has been shown by the result of the questionnaire distributed to the chief of villages, in which, the respondents insist in their suggestions that the incentive and salary needs to be increased not only for the chiefs of villages but also for the other village apparatus.

This empirical result is also supported by Davis, K & Newstrom John W (1989:149) that money can work as strong motivator, an employee would surely want more (valence), believe that the efforts will be success (expectancy) and believe that the money as incentive will bring better performance (instrumentality).

c. Simultaneous Influence of Leadership Competencies and Compensation toward the Performance of Chief of Village as Public Administrator in the Village Level

The F-count for this is 64.038 with the p-value of 0.000. This result is far smaller than the significant standard of 0.05, which means that the H_0 is rejected and the H_1 is accepted. Therefore, it can be concluded that simultaneously, all the independent variable within the model significantly influence the performance of the chief of village or in other words, the model is fit with the data.

This research reveals that the leadership competencies and compensation simultaneously have significant influence toward the performance of the chiefs of villages in the district of Gorontalo.

It can be empirically stated that the villages in the district of Gorontalo in general are the sustainable village and there are only one or two villages that are currently labeled as transitional villages, and there is no underdeveloped village. Currently, the village fund management is well implemented both in the planning, utilizing, and the monitoring of the village fund. It is due to the leadership of the chief of village that there has been 31 village-owned enterprises established in 12 sub-districts with the total capital of Rp. 2,160,475,875.00. There are various business units established such as, financial service, animal husbandry, trading, agriculture, wedding organizer, corn and rice processing, and handicrafts (Interview with appointed chairman of Village Development and Community Empowerment Agency, October 12, 2016).

This chief of village performance, theoretically indicates that the better the intellectual ability of the chief of village, the better his or her ability to solve the community's problems especially those related to the governmental, development, and village community empowerment problems (see Mumford, et al; 200, & Robbins; 2008:52).

This strong influence is theoretically can be explained that the leadership competencies and the compensation influence toward the performance of chief of village is supported by Robbins and Couler (2005:97) that people with needs to perform high will fight to achieve his or her personal success than to achieve facilities and reward for his or her success.

6. CONCLUSION AND RECOMMENDATION

The following conclusion is reached based on the discussion above:

- a. Leadership competencies have significant influence toward the performance of the chief of village as public administrator at the village level. This influence is due to the chiefs of villages who have problem solving skills and skill in decision-making, as well as social communication skill in the village level. However, there is a problem on the lack availability of computer as one of the management tools in easing the service for village community.
- b. Compensation has significant influence toward the performance of the chief of village, this is due to compensation as reward toward their work performance that they regularly receive are able to fulfill their basic needs, even though there are some complaint about the amount of compensation given to cover various needs such as educational needs, health, and household needs.
- c. Simultaneously, leadership competencies and compensation significantly influence the performance of chief of village by 69.6%. This is due to the ability of the chief of village as public administrator at village level to interpret the implementation of governmental tasks and developmental tasks in village level regardless to the small amount of reward that they regularly receive monthly.

The following are recommended based on this research:

- a. Improvement of chief of village competencies can be done through trainings and education to improve their professionalism in implementation of their tasks and functions as public administrator, administer the development and empowerment of village community.
- b. Improvement of compensation such as salary and incentives in order to improve the performance of chief of villages through clear procedures, such as developing the village budget and expenses that involves the higher level of government and higher education institutions.
- c. Related to the village fund allocation, both from national and local level, capacity improvement or improvement of leadership competencies through workshops and education and trainings on strategic management and financial management needs to be done.

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