

Compensation, Competence, Organizational Commitment and Its Effect on Employee Performance: Job Satisfaction as Intervening

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Abstract. This study aims investigate the influence of job satisfaction, compensation, performance on employee performance. How the effect of competence on job satisfaction and how the compensation effect on job satisfaction. Respondents in this study were 180 employees who have high levels of management level low, middle and top management in the telecommunications services company. Research analysis techniques using SEM analysis. The study found that the competence of positive and significant impact directly on job satisfaction; competence significant impact on the performance of employees through job satisfaction; compensation positive and significant effect on employee performance; compensation positive and significant effect on employee performance with going through job satisfaction; job satisfaction significant positive effect on employee performance; organizational commitment insignificant impact on the performance of the employees.

Keywords: competencies, compensation, commitment, satisfaction, performance

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Introduction

The company's strategy in order to survive in the era of globalization is to have qualified human resources in doing all tasks and obligations to the company to achieve the goals of the company. Human resources have a very important position in view of the organization's performance is strongly influenced by the quality of its human resources. Performance is the result or the overall success rate of a person during a certain period in the duty compared to the various possibilities, such as the standard of the work, the target or targets or criteria that have been determined in advance and has agreed (Rivai & Veithzal, 2009). One of the factors that affect the performance of an employee is job satisfaction. Job satisfaction is an emotional state that is happy or positive emotions derived from the assessment of a person's job or experience (Luthans, Freed, Stajkovic, & Alexander, 1999). Each company requires that the company have a high satisfaction that the objectives can be achieved with good company. Performance can be improved if the employee's job satisfaction is felt to have fulfilled (Muhadi, 2007).

In line with the increase in job satisfaction, the company may choose several ways according to the situation and the ability of the company, including a program of promotion and compensation (Hagopian, et al., 2009). Compensation is the total remuneration received by the employee as a substitute for the services that they provide. Compensation is given properly will affect the employees are more satisfied and motivated to achieve the goals of the organization (Mondy & Wayne, 2008).

Various forms of business that can be done for the development of human resources of a company, of which is how to improve the performance of employees with job competence. Competence is an ability to execute or perform a job based on skills and knowledge and is supported by a working attitude demanded by the job (Wibowo, 2007).

In addition to compensation and competency factor in improving organizational performance, there are factors in reached employee commitment to organizational goals. Organizational commitment is defined as a combination of attitude and behavior. Commitment involves three organizations, namely attitude, a sense of identifying with the organization's goals, and a sense of loyalty to the organization (Trisnaningsih, 2003).

Literature Review

Iceberg Model is used as a grand theory to explain the concept of the general theory of job competence (Wijayanto, Hubeis, Affandi & Hermawan, 2011). Competence can be categorized into two forms namely hard competency and soft competency. Hard competency is a competence that can be observed and easily developed consisting of knowledge and skills. Competence categories of soft competency is a competence that are difficult to observe and difficult to develop but can be studied, which consists of a motive, trait and self-concept (Wijayanto, Hubeis, Affandi & Hermawan, 2011).

Compensation is the total remuneration received by the employee as a substitute for the services they have given (Mondy & Wayne, 2008). The compensation received by employees in exchange for their contributions to the organization. Contributions in the form of tribute to the organization's time, energy, and the minds of employees are one of them with compensation (Simamora & Henry, 2006).

Theory of job satisfaction from the model of the relationship between job satisfaction and job performance is used as a grand theory to explain the theoretical concepts in general about job satisfaction (Judge, Bono, Thoresen & Patton, 2001). There are at least seven different ways about the relationship between satisfaction-performance as has been previously defined. This is a graphical overview of the different functional form as shown in Fig. 1.

This study uses a Model 1; that a person's satisfaction will affect the performance of "That the results of a review of 300 studies concluded fairly strong correlation between satisfaction and performance. Starting from the individual level to the organization, also found support for the relationship between satisfactions with the performance (Robbins, 2007).

Performance results are achieved by an employee of the responsibilities that has delegated to employee (Ismaini & Gunawan, 2019). The purpose of the performance appraisal is divided into two, namely the purpose of evaluation by managers to assess employee performance that has been produced, and the purpose of development, namely managers try to improve the performance of employees in the future (Mahesa, 2010).

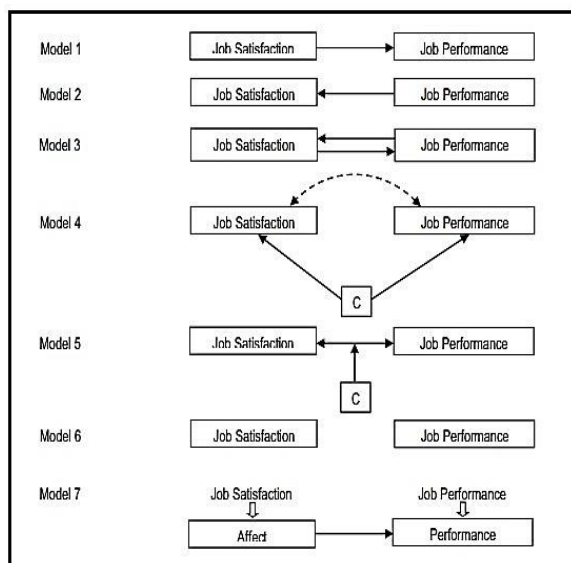


Fig. 1. Iceberg Model

Organizational commitment affects the employees' desire to remain a member of the organization or leave the organization to pursue other work (Colquitt, LePine & Wesson, 2009). Strength is relative of the individual's experience integrating themselves into the part of the organization, which is characterized by the acceptance of the values and goals of the organization, willingness to strive for the sake of the organization and the desire of maintaining membership in an organization (Robbins & Judge, 2011).

Related to this research, the independent variable is the competence and compensation. Competence is an ability to execute or perform a job or task that is based on the skills and knowledge and is supported by a working attitude demanded by the job (Wibowo, 2007). While the compensation is all the remuneration received by an employee of the company as a result of service or labor which had given to the company (Gunawan & Amalia (2015) and Rivai & Veithzal (2009)). Intervening variables associated with this research is job satisfaction variables are defined as positive and negative attitudes towards individuals who do their work (Greenberg, Jerald & Robert, 2003). The dependent variable is the variable performance and organizational commitment. Organizational commitment as a sense of identification, engagement, and loyalty expressed by an employee of the organization (Yuwalliatin & Sitty, 2006) and the performance is defined as the employee's

performance in terms of both quality and quantity based on the standard of work that has been determined (Sriwidodo, Haryanto & Haryanto, 2010).

Proper compensation system and in accordance with the wishes of all parties will make the employee will work optimally because they are sure that they will definitely get the reward according to what they have given to the company that raises employee satisfaction. For example, financial reward is one of the factors that produce job satisfaction then compensation also has a significant relationship to the performance of an employee, the relationship is positive, meaning that the better the compensation received by the employee, the employee's performance is also getting better.

H1: Compensation has a positive influence on performance

H2: Compensation has a positive influence on job satisfaction

The performance assessment is based on an understanding of the knowledge, skills, expertise, and behaviors necessary to perform the good task. Connected to the promotional aspect, rotation, or other placements, which are part of the career development, each organization should also consider other aspects i.e. interest or desire of every employee, job search capabilities according to the principles the ability job fit the personality and job fit.

H3: Competence has a positive influence on performance

H4: Competence has a positive influence on job satisfaction

The biggest controversy in organizational research is on the relationship between job satisfaction and employee performance. This study explains that affect job satisfaction higher employee performance, while others say the opposite. The controversy shows that there is a positive relationship between job satisfaction and lower employee performance. Commitment Organizational a predictor for voluntary turnover, where the tendency commitments before entering the organization will be positively related to commitment of a subsequent after entering the organization will be negatively related to voluntary turnover so that the job satisfaction of employees including the job satisfaction received will be influenced by the commitment at an early stage entered organization while organizational

commitment is regarded as an important measure of the effectiveness of the organization.

H5: Job satisfaction has a positive influence on performance

H6: job satisfaction has a positive influence on organizational commitment

H7: organizational commitment has a positive influence on employee performance

Research Method

The independent variable is the variable competence and compensation. Variable competence and compensation measured by the type of data is a measurement scale interval scale. The entire questions questionnaire assessed with a 4-point Likert scale. Variable competence and compensation measured by ten-point questions. Indicator assessment of the competence of variables such as: personal character, self-concept, knowledge, skills, motivation and compensation in the form of: base salary, bonuses, commissions, stock options, incentive, profit sharing, employee benefits and positions.

The independent variable is the variable performance and organizational commitment. Variables measured organizational performance and commitment to the type of data is a measurement scale interval scale. The entire questions questionnaire assessed with a 4-point Likert scale. Eleven performance variables measured by the questions while the commitment of the variables measured by six questions. Indicator assessment of the performance variables such as: quality, quantity, timeliness, effectiveness, independence, and meet the target of contribution (Robbins, 2007) as well as variable commitments include: a feeling of being part of the organization, the pride of the organization, concern for the organization, a strong desire to work on organization, a strong belief against the values of the organization and a great willingness to strive for the organization.

Variable job satisfaction is an intervening variable that is measured with this type of data is a measurement scale interval scale. The entire questions questionnaire assessed with Likert scale. Job satisfaction variables were measured by ten-point questions. Ten grains of the question consists of five types of satisfaction, namely: satisfaction with salary,

promotion, co-workers, supervisors and the work itself.

This study used the withdrawal of non-probability sampling technique, which is purposive sampling. Sampling is done by taking a sample of the population based on certain criteria. The criteria that used in this study were a telecommunications company that has a standard Global System of Mobile Communications.

Discussion

The data was processed by structural equation model using partial least square with the aim of evaluating the relationship between constructs a research model by performing a partial squared.

Table 1
Path Coefficients

Casualty Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Satisfaction -> Job Performance	0.192	0.198	0.087	2.210	0.028
Satisfaction -> Commitment	0.661	0.668	0.045	14.714	0.000
Commitment -> Job Performance	0.152	0.156	0.101	1.497	0.135
Compensation -> Satisfaction	0.366	0.361	0.068	5.361	0.000
Compensation -> Job Performance	0.239	0.239	0.098	2.450	0.015
Competence -> Satisfaction	0.418	0.432	0.072	5.833	0.000
Competence -> Job Performance	0.355	0.350	0.095	3.744	0.000

Coefficient value parameter lines or original sample obtained from the relationship of employee compensation and employee performance amounted to 0.239 with the value of the T-statistic 2.450 > 1.96 at significance level $\alpha = 0.1$ (10%) stating that there are significant relationship between employee compensation with employee performance. The results showed t count > 1.96 then obtained from the relationship of employee compensation and employee performance amounted to 0.366 with the value of the T-statistic 5.361 > 1.64 at significance level $\alpha = 0.1$ stating that there is significant influence between employee compensation with employee performance so that hypotheses 1 and 2 are supported.

Based on the table can be described if the coefficient parameter or original sample lines derived from relationships employee competence and performance of employees amounted to 0.355 with the value of the T-statistic 3.744 > 1.96 at significance level $\alpha = 0.1$ stating that there are influences significantly between the competence of employees

with employee performance was then obtained from the relationship employee competencies and performance of employees amounted to 0.418 with the value of the T-statistic $5.833 > 1.96$ at significance level $\alpha=0.1$ stating that a significant difference between the competence of employees with employee performance. A positive value on the coefficient parameter is the better means of competence on an employee the satisfaction that is felt in the telecommunications company will increase so that the hypothesis 3 and 4 are supported.

Coefficient parameter path or original sample obtained from the relationship of employee compensation and employee performance with a value of 0.192 T-statistic $2.210 > 1.96$ at significance level $\alpha=0.1$ stating that there was significant influence between job satisfaction employee performance was then obtained from the relationship of job satisfaction and organizational commitment amounted to 0.661 with the value of T-statistics $14.714 > 1.96$ at significance level $\alpha=0.1$ stating that there was significant influence between job satisfaction and employee performance. Positive values on parameter coefficient means better job satisfaction felt by an employee it will be the strengthening of the organization's commitment to the telecom companies that supported the hypothesis 5 and 6 but in this test rejected the hypothesis 7 with the value of the t-statistic $1.497 < 1.96$ at level significance $\alpha=0.1$.

Conclusion

This study aimed to look at how the competencies, compensation, organizational commitment, job satisfaction, and employee performance telecommunications company. This study found that the performance has a significant positive effect on variable competence and performance as independent variables and satisfaction as an intervening variable. Thus, there are times when a company to design a performance appraisal system in such a way that is based on employee competency of each and reward in accordance with the results of the performance assessment of each employee that will stimulate employee satisfaction so that the spearhead in improving the performance of the company itself. Companies must actually meet the amount of compensation that have been defined based on the results of the performance assessment for the better value of compensation granted and the level of

competition that is the measure of satisfaction felt by employees at the company the better the performance given by the employees themselves.

The object of research is limited to the data analyzed using the instrument was a questionnaire based on the perception or assumption of a respondent, and this makes a difference to the circumstances in which it was obtained or perceived by the respondents themselves and refractive measurement value on the assessment of performance variables, because of the high and low potential respondents the respondents assessed themselves by causing performance measurement bias.

The excellent performance of employees is who generate good profits for the company itself and for the employees themselves to get compensation for what they have given to the company. Assessment answer on employee performance variables, it is better if the assessing is the direct supervisor or leader who has the authority to assess the performance of employees in order to obtain a more objective assessment results.

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