

Effect of Compensation and Motivation to Employee Performance through Commitment

Aryo Widagdo^{1*}, Djoko Setyo Widodo², Partogi Saoloan Samosir³

¹Student Master of Management Krisnadwipayana University Jakarta, Jalan Raya Jatiwaringin, RT 03 / RW 04, Jatiwaringin, Pondok Gede, Jaticempaka, Pondokgede, Kota Bks, Jawa Barat 13077, Indonesia

^{2,3}Lecturer at Faculty of Economics Krisnadwipayana University Jakarta, Jalan Raya Jatiwaringin, RT. 03 / RW 04, Jatiwaringin, Pondok Gede, Jaticempaka, Pondokgede, Kota Bks, Jawa Barat 13077, Indonesia

*Corresponding author

Aryo Widagdo

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Abstract: This research was conducted at PT. Winn Apliance aims to analyze the effects of partial compensation and partial motivation on employee performance, as well as the direct influence of compensation and motivation on employee performance. In addition, this study also analyzes the indirect effect of compensation and motivation on employee performance and analyzing commitment as an intermediate variable in relation to the influence of compensation and motivation on employee performance. The research method used is the Blue Assumption test. The sampling technique used is by taking a purposive sampling, the sampling technique used in the population as the key for sampling. The program 17 will be programmed. The hypothesis in this study is influenced by the value of the corresponding variable coefficients after testing. Based on the result of test data, the result obtained: (1) $0.046 < 0.05$ Compensation to Employee Performance. (2) $0.022 < 0.05$ Compensation to Commitment. (3) $0.047 < 0.05$ Motivation to Employee Performance. (4) $0.043 < 0.05$ Motivation against Commitment. (5) $0.048 < 0.05$ Commitment to Employee Performance. (6) Analysis of the effect of Compensation through Commitment on Employee Performance: $0.092 < 0.19$. (7) Analysis of the effect of Motivation through Commitment on Employee Performance: $0.071 < 0.098$. From Influence Compensation, there Influence Motivation and There Influence Organizational Commitment to Employee Performance. Commitment as intervening variable gives indirect influence on Compensation and Motivation.

Keywords: compensation, motivation, employee performance, commitment.

INTRODUCTION

The development of science and technology requires people to make changes so as to follow the times. The role of knowledge is crucial for any society that is willing to improve its ability to follow the competitive needs in today's competing multidimensional crises.

The industry is believed to be a strategic tool to improve human life. Through the industry, people become fulfilled their needs, have the ability or skill, good attitude of life, so can get along well in society. Industry becomes an investment that provides social and personal benefits that make a nation of dignity and individuals become human beings who have a good degree of life.

The development of industrial sectors covering land, sea, and air aims to improve the wider, orderly, safer, faster, smoother and more efficient community household capabilities at affordable

costs. Therefore, it is necessary to develop the existing industrial potentials as well as to improve the quality of service and efficiency in the business in the field. These objectives can be realized if every company or business entity engaged in the industrial sector undertakes various activities or businesses that are innovative to maintain their lives, develop and obtain optimal profit.

Enterprises pursued to realize the goals of the company, one of which is to have employees who have a good performance. Good performance will be able to help the achievement of corporate objectives in accordance with the planned. Performance is an attitude, value, moral, and internal and external reasons that encourage a person to work or act in his profession. The influence of employee performance is very big in determining the development of a company, to encourage employees to work well so as to improve job performance and achievement of organizational goals. Performance is influenced by various factors

such as employee satisfaction, employee ability, motivation, work environment, leadership, compensation, commitment. This study emphasizes on four important variables namely compensation, motivation, commitment, and performance.

The role of human resources as planners, implementers, as well as evaluators, these three roles prove that human resources have the first position and should be prioritized in supporting the achievement of organization or company's performance to the fullest. But in maximizing the role of human resources, the organization not only focuses on how to get human resources that have high-quality work but need to be paid attention to maintenance until the termination of employment to its members.

Whether or not a company is very dependent on the ability and ability of the manager to compensate to direct his subordinates. Compensation is a payment for services submitted by the work of an employee as an executing employee or to an employee whose service is paid according to the number of hours worked / day of work or amount generated. A person is satisfied and secure when needs are met. If a person gets a compensation or salary that covers his needs then will be motivated in his work and earnest in completing the task. So with the spirit of work will increase the expected productivity.

LITERATURE REVIEW

Compensation

Compensation is something that employees receive in lieu of their service contribution to the company. Provision of compensation is one of the implementations of human resource management functions related to all kinds of individual award giving as an exchange in performing organizational tasks. Compensation is a major cost of expertise or work and loyalty in the business of the company in the 21st century.

According to Anthony, Robert & Govindarajan [1] one way to improve job performance is through the provision of compensation. Compensation is everything that employees receive in return for the work they do. However, according to Kenneth [2] that compensation can be financial / money or nonfinancial / not money. Compensation is basically a reward for one's services to the organization concerned.

Compensation has three main components, which include paying money directly in the form of wages, salaries, bonuses, incentives, and commissions. The second form is indirect payments covering benefits, holidays and other benefits. While the third form is non-financial rewards such as leave, better working hours and adequate office [3]. According to Halsey [4], there are four conditions

that must be met in determining the amount of compensation. The four requirements are:

- Fair for employees and companies. This means that employees should not be used as an extortion tool in the pursuit of profit.
- The wage system should have the potential to encourage employee morale.
- In addition to the basic wage, it is necessary to provide an incentive wage as an additional reward material.
- The wage system must be clearly understood by employees so that there will be no bad assumption about the company.

Another opinion expressed by Salter, Malcom [5] that the terms of good compensation are:

- Meet the basic needs of employees.
- Fulfillment of basic needs is an absolute requirement for the formation of good compensation.
- Compensation should be considered fair.
- Compensation must be implemented in an equitable manner according to the agreed criteria.
- Employee-oriented as an individual.
- Meanwhile, according to Pattern, Thomas [6] requirements that must be met in the compensation is:
 - Meet the economic needs of employees.
 - Linking compensation to company success.
 - Linking compensation to productivity.
 - Balance and fairness in compensation.

If any of the above can be managed properly then the compensation can be used by the company to improve employee productivity. According to in general, compensation management is to help companies to achieve successful corporate strategy and ensures the creation of internal and external justice. External justice ensures that jobs will be fairly compensated by comparing equal work in the labor market. The objectives of effective compensation management include:

- Gain qualified human resources
- Retain existing employees
- Ensure justice
- Appreciation of desired behavior
- Controlling costs
- Following the rule of law
- Facilitate understanding
- Increased administrative efficiency

Motivation

Based on the opinion expressed by Handoko [7] understanding of motivation is: "Motivation is defined as the circumstances in a person who encourages individual desire to perform certain activities in order to achieve goals". In his theory, Maslow argues that if the needs at the ground level have been met, then there

will be other higher needs that must be met. In detail, the five basic human needs that shape the hierarchy of the needs of Stooner are [8]:

- Physiological needs, namely the need for continuing life such as eating drink, housing, sleep and so on.
- Security needs, ie the need for safety and protection from harm, threats and deprivation or dismissal from work.
- Social needs, namely the need for love and satisfaction in relationships with others, satisfaction, and feeling of belonging and received in a group, a sense of kinship and friendship.
- Needs appreciation, namely the need for status and position, self-respect, reputation, and achievement.
- Needs self-actualization, namely the needs of self-fulfillment, to use self-potential, self-development as much as possible, creativity and finish it.

Based on the results of research Herzberg [9] concluded that there are two groups of factors that affect one's work motivation in the organization, namely:

1. Motivator factors, which have the influence to determine job performance or job satisfaction, such as achievement, reward, responsibility, progress, and improvement. With the word factor that touches humans through pleasure/love and unhappy love, work can increase and decrease work productivity.
2. Hygiene or maintenance factor, which is the factor needed to maintain the lowest level of "absence of uncertainty". These factors include salary/wages, job security, working conditions, and status. In other words that touches humans through satisfaction and dissatisfaction in work, because it concerns the work environment.

The main issue for a leader, in any organization the leader is, is the problem, how to move subordinates to work, and more than that subordinates are expected to be more productive. One way for subordinates to work as expected is to 'kick the butt' or better known as 'Kick Him in the Ass' (KITA).model or theory WE use violent means. This way that is as according [10]:

Negative Physical KITA, which encourages subordinates to work by using physical violence. This will lead to some reactions/criticism, among others:

1. Contrary to the philosophy of Pancasila, especially with the principles of just and civilized humanity.
2. If the subordinate is stronger, violence is usually violent, the slap is rewarded with the slap, and so on. This style is rarely used today, and "Negative Physical KITA", because it is not considered a motivation (healthy work impulse).

Negative Psychological KITA, which encourages subordinates to work by spying or by way of waiting. Compared to the style of 'Physical KITA',

the style of "Psychological KITA" is still quite meaningful:

- The injured is not physical and invisible, meaning that the injured is feeling. Because the attack is his feelings, then usually the suffering lasts a long time.
- Because the injured center of the highest cortical then rarely revenge by using the 'fine' (shamanism, black magic).
- Because the injured is not certain, then the pain sometimes relative any time.
- Leaders who use this impulse work, attack the system in ways that are not appropriate, not physical.
- Employers who do this kind of encouragement will feel satisfied unilaterally as a boss only.
- Subordinates cannot prove his suffering, because there is no real evidence of physical injury.

Negative we are not motivated, because subordinates do not work voluntarily, but simply 'move' because of an external push. Whether because of physical fear, either because of psychic fear, just the impulse of fear from outside himself. Positive KITA, which encourages the subordinates to work by making promises of interest. Suppose it will be promised a promotion, promised a reward or promised a raise and a myriad of other promises. This style is like 'putting the wheat with the pole above the donkey's head'. The donkey moves because it wants to grab the wheat, so that drives the move (motivation) not the donkey, but who puts the grain on the donkey's head. The donkey just moves because it wants to reach only wheat. Another weakness of our 'Positive style is that admittedly subordinates work hard to achieve the promise of promotion and or others. However, once the rank is achieved, then the hard drive had become loose again. Many think that 'Positive KITA' is 'motivation' but it is not because this positive KITA seems to be an encouragement that arises from within the subordinate, whereas actually the subordinate moves because of persuasion or promises that the work morale is achieved become weak again.

Commitment

Robbins [11] states that organizations are consciously coordinated social entities, with a relatively identifiable boundary working on a relatively continuous basis for a common goal or a set of goals. Organizational commitment according to Meyer et al, in Yustina (2006) is the degree to which a person's involvement in his organization and the strength of his identification with particular organizational strata.

While Robbins [11] argued that the commitment of employees to the organization is one attitude that reflects the feelings of likes or dislikes an employee to the organization where he

works. Organizational commitment shows a power from within a person in identifying his involvement in an organization. Organizational commitment is a process within the individual to identify himself with organizational values, rules, and goals that are not merely passive loyalty to the organization, so that commitment implies an active association of employees and organizations.

According to Meyer, Allen and Smith in Sopiah suggest three components of organizational commitment [12, 13]:

- Affective Commitment occurs when employees want to be part and organization because of the emotional ties or feel have the same value with the organization
- Continuance Commitment, which is the willingness of individuals to remain in the organization because they do not find other jobs or due to certain economic rewards, arises if the employee persists in an organization because it requires a salary and other benefits, or for not finding other jobs.
- Normative Commitment, arising from employees. Employees survive as members of the organization because there is an awareness that is committed to the organization is the right thing to do.

Employee performance

Etymologically, performance comes from the word performance. As stated by Mangkunegara [14] that the term performance comes from the word job performance or actual performance (work performance or achievement actually achieved someone) is the work in quality and quantity achieved by an employee in performing their duties appropriate responsibility given to her. Further Mangkunegara [14] states that in general performance is divided into two, namely individual work and organizational performance. Individual performance is the result of employee work in terms of quality and quantity based on the standard work that is determined, while the performance of the organization is a combination of individual performance with a group performance.

According to Mangkunegara [15], performance or work performance is the result of quality and quantity achieved by an employee in performing their duties in accordance with the responsibilities given to him. Meanwhile, according to Gibson *et al.*, [16] employee performance is a measure that can be used to determine the comparison of the results of execution of tasks, responsibilities given by the organization in a certain period and can be used relative to measure work performance or organizational performance.

According to Bernardin and Russell, there are 6 criteria for assessing employee performance, namely [17]:

- Quality is the level where the process or adjustment in an ideal way in conducting activities or meet the activities as expected.
- Quantity. The amount generated is realized through the currency value, the number of units, or the number of completed activity cycles.
- Timeliness: The level at which the activity has been completed with a time that is faster than specified and maximizes the time available for other activities.
- Cost-effectiveness: Tiers where the use of company resources in the form of human, financial, and technology are maximized to obtain the highest results or reduction of losses from each unit.
- Need for supervision: The level at which an employee can do his job without requiring help or guidance from his superiors.
- The interpersonal impact is the level where an employee feels confident, has good desires, and works together with co-workers.

RESEARCH METHODS

Population and Sample

The population is defined as the overall subject of the study [18]. In this study, the population is all employees of PT. Winn Apliance. In this study, the total population of 180 employees of PT. Winn Apliance. The determination of the number of samples is based on the opinion of Roscoe [19] in Sekaran [20] stating that first, sample sizes greater than 30 and less than 500 in most studies are representative. Second, if the sample is divided into subsample, then each category required minimum 50 samples. The sampling technique used is by using purposive sampling, the samples are taken based on certain characteristics or traits which are estimated to be closely related to the specific characteristics or traits that exist or are seen in the population as the key for sampling.

Method of Collecting Data

Data collection using survey method through the distribution of questionnaires to respondents. Hadi [21] states that the questionnaire is a set of questions that have been prepared and written before by the researcher, to ask the answer to the respondent, the questionnaire is not always a question, but also can be a statement. The process of distributing and collecting questionnaires is done directly in the place of the object of research. The reason for using survey method by distributing questionnaires directly to respondents is that researchers can save time, effort, and cost. The use of such methods is also expected to reveal the perceptions of the actual respondents.

RESULTS AND DISCUSSION

Validity and Reliability Test Results

Test the validity and reliability of all variables. Testing the validity using factor analysis techniques, namely to test whether the grains of questions or indicators used to confirm a factor or a

constructor variable. While the reliability test is a reliability test that aims to find out how far a measuring instrument can be trusted. Reliability test can be done by using Cronbach's alpha coefficient with a critical limit for reliable questionnaire value is 0.60 [22].

Table-1: Reliability Test Results

Reliability Statistics				
Factor	X ₁	X ₂	X ₃	Y
Cronbach's Alpha	0.831	.608	0.706	0.723

Based on the Cronbach alpha reliability figures it appears that all existing statements form a reliable measure of Compensation, Motivation, Commitment and Employee Performance form a reliable measure of each dimension.

Hypothesis Testing

Line Coefficient Calculation in Sub-Structures 1 and 2

In order to provide an overview of the results of the analysis that has been done, then the results obtained from the analysis of Path Analysis can be presented in the following table as follows:

Table-2: Recapitulation of Analysis Path Analysis Results

Equation	Coefficient	Variable Significance Test (t-Statistic)	Model Test (F-statistic)	R ²
Substructure I	PX ₃ X ₁ = 0.402	0,022	0.003	0.413
	PX ₃ X ₂ = 0.598	0.043		
Substructure II	P YX ₁ = -0.087	0.046	0.001	0.548
	P YX ₂ = -0.112	0,047		
	P YX ₃ = -0.069	0,048		

Based on the results presented above the meal can be described as follows:

Sub-structure I

1. The value of R2 is 0.413. The value means that compensation and motivation of commitment together is 41.3%, while the remaining 58.7% is influenced by other factors. In other words, the variables of commitment can be explained by using compensation and motivation variables is 41.3%, while the effect of 58.7% is caused by other variables outside the research model.
2. Test of significance or testing by using F test, that is by comparing the level of significance (sig) calculation results with a significance level of 0.05 (5%). Based on a calculation of significant number that is equal to 0,003 < 0,05 then Ho is rejected and H1 accepted. This means that there is a linear and significant relationship between compensation and motivation for commitment. Thus, the above regression model is feasible and correct. The conclusion is that compensation and motivation together affect commitment.
3. The value of significance (sig) for each variable is a compensation of 0.022 and a motivation of 0.043. If the value is compared with α = 0.05 then the entire significance value (sig) has a smaller value compared to 0.05. In other words, partially from two exogenous variables compensation and motivation have a significant relationship to commitment.

4. For the magnitude of influence of each exogen variable to commitment can be seen the value of the beta variable. Where the beta value of the compensation and motivation variables is 0.402 and 0.598. Thus it can be seen the results of substructure I am as follows:

$$X_3 = 0,402 + 0.598$$

Sub-structure II

1. The value of R2 is 0.548. This value means that the influence of compensation, motivation, and commitment to performance together is 54.8%, while the rest equal to 45,2% influenced by other factors. In other words, the performance variables that can be explained by using compensation, motivation, and commitment variables are 54.8%, while the effect of 45.2% is caused by other variables outside the research model.
2. Test of significance or testing by using F test, that is by comparing the level of significance (sig) calculation results with a significance level of 0.05 (5%). Based on the calculation of significance that is 0.001 < 0.05 then H0 is rejected and H1 accepted. This means that there is a linear and significant relationship between compensation, motivation, and commitment to performance. Thus, the above regression model is feasible and correct. The conclusion is compensation,

motivation and commitment together affect performance.

3. The value of significance (sig) for each variable is a compensation of 0.046; motivation and commitment amounted to 0.047 amounted to 0.048. If the value is compared with $\alpha = 0.05$ then the three significance values (sig) of each exogenous variable have a smaller value compared to 0.05. In other words, partially from the three exogenous variables of compensation, motivation and commitment have a linear and significant relationship to performance
4. For the magnitude of influence of each exogen variable on the performance can be seen the value of the beta variable. Where the beta value of the variable compensation, motivation and commitment is equal to - 0.087; - 0, 112 and - 0.069. Thus it can be seen the results of substructure II is as follows:

$$Y = - 0.087 - 0.112 - 0.069$$

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

From a series of discussions on the results above, it can be concluded that the hypothesis that "There is Influence Compensation (X1), There Influence Motivation (X2) and There Influence Organizational Commitment (X3) on Employee Performance" in this case can be concluded that Commitment (X3) as an intervening variable gives an indirect effect on Compensation (X1) and Motivation (X2).

SUGGESTIONS

1. PT. Winn Apliance should pay attention to variable compensation, as this affects employee performance. If companies can be more open and involve employees in decision-making then the motivation will increase and accompanied by an increased commitment and employee performance. Employees do not feel close to leaders and do not have the freedom to express their opinions, therefore organizations should give them the freedom to express opinions and get closer to employees so that employees feel appreciated and cared for to improve performance.
2. The motivation of PT. Winn Apliance is not a salaried employee, the income aspect of salaries and other benefits is still expected to increase. Factual conditions that must be faced is almost all the basic needs of the increase and the difficulty of getting cheaper homes, so it is expected that there are efforts to propose an increase company acceptance of salaries and other benefits, as well as assistance to get a simple home program with low prices.
3. Generating and improving motivation for working hard can be done by a company through attention and action on nonmaterial aspects, such as by

giving acknowledgment on their work performance and giving an opportunity to follow education through a course or school for career development.

4. Performance of PT. Winn Apliance can continue to be enhanced through the touch and character of a company, especially in the aspects of personality, hospitality, high integrity and personality that should serve as an example for his subordinates.
5. At the time of the author writing this research, has obtained the science of work productivity that can be stated that an employee should be able to play a role in 7 (Seven) things in accordance with the situation and conditions it faces, namely:
 - a. Works according to an ability
 - b. Trying to improve the results achieved,
 - c. Excited at work,
 - d. Doing the task thoroughly, rightly and correctly,
 - e. Prioritize efficiency as planned,
 - f. Improve the quality produced,
 - g. Deepening knowledge

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