

The Effect of Compensation and Organizational Commitment on Performance with Job Satisfaction as Intervening Variable (Study of Muhammadiyah High School Teachers, Yogyakarta City)

Gita Danu Pranata, Syofyan Mulyana

Universitas Muhammadiyah Yogyakarta Indonesia

Abstract: This study aims to analyze and identify the Effect of Compensation and Organizational Commitment on Performance with Job Satisfaction as an intervening variable for teachers of SMA Muhammadiyah Kota Madya Yogyakarta. The subject of this research is a teacher at Muhammadiyah high school in Yogyakarta. The sample of this study amounted to 140 respondents who were selected using purposive sampling. The analytical tool used is the SEM method with AMOS. Based on the analysis, it is found that compensation has a significant effect on performance, organizational commitment has a significant effect on performance, compensation has a significant effect on performance through job satisfaction, organizational commitment has a positive effect on performance through job satisfaction.

Keywords: Performance, Compensation, Organizational Commitment, and Job Satisfaction

I. INTRODUCTION

Human resources are an important component in organizations, because human resources are actors who process organizational resources into something of value. The potential possessed by every existing human resource needs to be utilized by an organization as well as possible in order to create optimal output. The achievement of organizational goals does not only depend on modern equipment, complete facilities and infrastructure, but the success of an organization depends on the human resources who will carry out the work. Organizations need to continue to strive to improve the performance of their employees with the hope that the organizational goals can be achieved. To improve performance and organizational commitment according to Wibowo (2016), it is necessary to have the attitudes, feelings, and behaviors of someone who declares himself part of an organization, is involved in activities and is loyal to the organization in order to achieve organizational goals. Someone who has organizational commitment tends to have an attitude of partisanship, a sense of love, and feels proud of the organization and feels an obligation to advance the organization. If employees already have a strong organizational commitment, it will improve their performance to achieve organizational goals. Performance is not only the result or work performance but also includes how the work process takes place. Mangkunegara (2005) states that performance is an achievement or work result, both quantity

and quality, which is achieved over a period of time in carrying out the tasks and responsibilities that have been given to him. If the performance of employees in the organization is good, it is expected that the organization can compete with other organizations so that the organization can be recognized that it has quality performance. Employee performance can be improved through compensation and organizational commitment, because with good compensation employees will be more motivated to work. If employees are motivated to work, they can improve employee performance in achieving organizational goals. Nurcahyani (2016). In addition to compensation, there are other variables that affect employee performance, namely organizational commitment. If the organizational commitment in employees is high, there will be a sense of belonging, loyalty and a sense of obligation to advance the organization, this has an impact on the performance of employees to achieve their goals. Based on the description above, the factors that can affect employee performance are compensation and organizational commitment. Compensation according to Hariandja (2002) is all remuneration provided to employees by the organization as a result of the implementation of work in the form of money or other, which can be in the form of wages, salaries, incentives, bonuses, and other benefits. Compensation is an important part for an organization because compensation can make employees more motivated to work even harder. If employees are more motivated at work, it will have an impact on organizational performance in achieving its goals. Previous research by Nurcahyani (2016) stated that compensation has a significant positive effect on job satisfaction. Organizational commitment according to Mayer and Allen (1991) is an affective attachment to the organization, the perceived costs associated with leaving the organization, and the obligation to remain with the organization. If employees have a strong commitment to the organization, they tend to have an attitude of partisanship, love, and pride in the organization and feel obliged to advance the organization. Previous research by Sari (2015) stated that organizational commitment has a positive and significant effect on performance.

Based on previous research that, these two factors do not directly affect employee performance but are mediated or intervened by job satisfaction factors. This is reinforced by

previous research by Miah, Murad. (2018) and Nurcahyani (2016) state that compensation has a significant positive effect on job satisfaction and Darma's research (2016) states that organizational commitment partially has a significant positive effect on job satisfaction. If employees are satisfied with the compensation provided by the organization, it will increase employee performance because employees who are satisfied with their work will be able to work optimally in the organization. Someone who has a high organizational commitment or an employee feels that he or she is part of the organization, it will increase the feeling of satisfaction with the job appraisal received from the organization. Someone who has job satisfaction has a stronger urge to continue to work optimally so that he can improve his performance, with increasing employee performance organizational goals can be achieved.

Job satisfaction according to Robbins (2017) is a positive feeling towards work, resulting from an evaluation of its characteristics. Someone who has high job satisfaction will have a positive sense of his job while someone who has low job satisfaction will have a negative sense of his job.

Some of the literature found that job satisfaction is a variable that intervenes in several variables. In the research of Sukmantari and Wirasedana (2015) "the influence of budgeting participation and organizational commitment on managerial performance with job satisfaction as an intervening variable" states that there is a direct or indirect influence between budgeting participation on job satisfaction, organizational commitment on job satisfaction, budgeting participation on performance managerial, organizational commitment on managerial performance, and job satisfaction on managerial performance. Furthermore, Hidayah's research (2016) "The Effect of Compensation on Employee Performance With Job Satisfaction as an Intervening Variable (Case Study on Employees of the Finance and Accounting Division of UNY)" states that compensation has a positive effect on employee performance, compensation has a positive effect on performance through job satisfaction as a variable that mediate. Furthermore, Fakhri's (2015) research "the effect of compensation and training on employee performance with job satisfaction as an intervening variable (study at PT Audio Sumitomo Technology (AST) Indonesia)" states that compensation has a positive effect on employee job satisfaction, Job satisfaction moderates compensation on employee performance Subsequent research by Nurcahyani and Adnyani (2016) "The Effect of Compensation and Motivation on Employee Performance With Job Satisfaction as an Intervening Variable" states that compensation has a positive and significant effect on job satisfaction, motivation has a positive and significant effect on job satisfaction, compensation has a positive and significant effect on performance employees, motivation has a positive and significant effect on employee performance, job satisfaction has a positive and significant effect on employee performance and job satisfaction mediates the effect of compensation and motivation on employee performance. also support the research of Darma, P. S., Supriyanto, A. S. (2017) and Winda, O., et al.

(2017) From previous research, researchers understand that job satisfaction has an important role in mediating to improve performance.

Optimal teacher performance is also influenced by various factors, both internal and external factors. Without ignoring various other factors, the researcher wants to examine the influence of compensation factors and organizational commitment on performance with job satisfaction as an intervening variable for Muhammadiyah high school teachers throughout Yogyakarta City.

There have been cases where teachers who work did not comply with the applicable regulations, but these teachers also received the same compensation as teachers who worked well at the school. Another example is a teacher who has poor organizational commitment, he goes to school only to fulfill his obligations as a teacher, does not have a sense of love and has a school so this affects his performance at the school. The performance of teachers in schools is not only influenced by the compensation given and the sense of organizational commitment they have directly, but there is also the intervention of teacher job satisfaction in strengthening these two variables in improving teacher performance in schools.

The purposes of this study are: 1). To analyze the effect of compensation on employee performance, 2). To analyze the effect of organizational commitment on employee performance, 3). To analyze the role of job satisfaction in intervening the effect of compensation on performance, 4). To analyze the role of job satisfaction in intervening the effect of organizational commitment on performance.

II. RESEARCH METHOD

This research is survey research with a quantitative approach. The object of this research is SMA Muhammadiyah Kota Madya Yogyakarta, the subject of this research is the teacher at SMA Muhammadiyah Kota Madya Yogyakarta. The type of data in this study is quantitative data with primary data sources obtained directly from respondents. The sampling technique in this study is a non-probability sampling technique with a purposive technique. The data collection technique used a questionnaire (questionnaire) which was assessed using a Likert scale. The analytical technique used in this research is to test the quality of the instrument, then perform descriptive statistics, test hypotheses, after that perform data analysis, and goodness of fit.

III. ANALYSIS AND DISCUSSION

In general, the model consists of two independent variables (exogenous), namely compensation and organizational commitment, one dependent variable (endogenous) namely performance and the intervening variable, namely job satisfaction. After developing a theory-based model, the next step is to compile the model in the form of a flowchart that will make it easier to see the causality relationships that will be tested. In flowcharts, relationships between constructs are represented by arrows. Straight arrows indicate a direct causal

relationship between constructions with other constructs. Measurement of the relationship between variables in SEM is called a structural model. Based on the existing theoretical basis, a path diagram for SEM is made as follows:

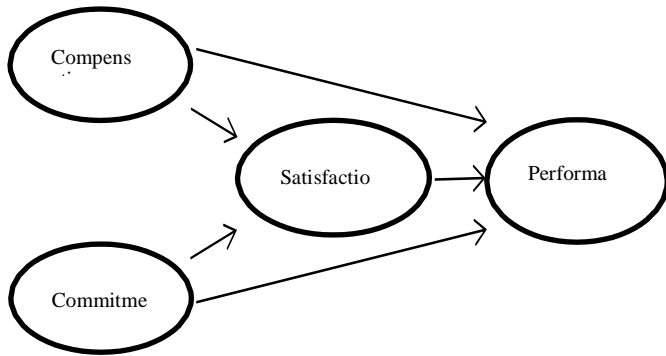


Figure 1. Flowchart

The model that has been stated in the flow chart is then expressed into a structural equation.

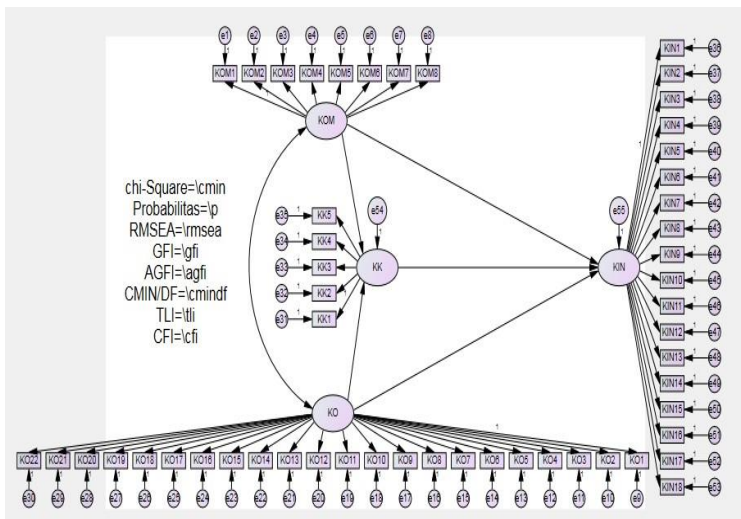


Figure 2. Structural Equation

a. Structural Model Identification

Several ways to see whether there is an identification problem or not is to lookat the estimation results.

Table 1. Notes For Model

Number of distinct sample moments:	1431
Number of distinct parameters to be estimated:	112
Degrees of freedom (1431 - 112):	1319

AMOS output results which show the model's df value of 1319. This indicates that the model belongs to the over confident category. Because it has a positive df value, dataanalysis can be continued to the next stage.

b. Assessing the Goodness of Fit Criteria

Goodness of fit menjadi tujuan utama dalam SEM untuk mengetahui sampaiseberapa jauh model yang dihipotesiskan

“Fit” atau cocok dengan sampel data.

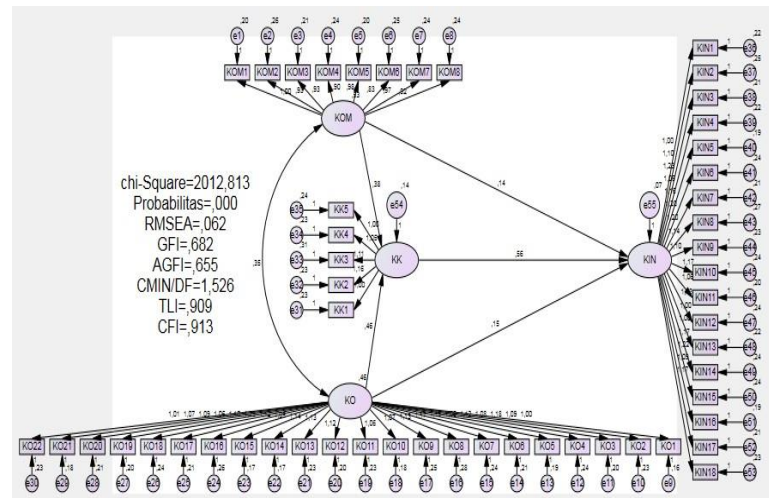


Figure 2. Full Model

The results of goodness of fit are shown in the following data:

Table 2. Assessing goodness of fit

Goodness of fit index	Cut-off value	Model Penelitan	Model
Significant probability	≥ 0.05	0,000	Marginal
RMSEA	≤ 0.08	0,062	Fit
GFI	≥ 0.90	0,682	Marginal
AGFI	≥ 0.90	0,655	Marginal
CMIN/DF	≤ 2.0	1,526	Fit
TLI	≥ 0.90	0,909	Fit
CFI	≥ 0.90	0,913	Fit

Based on the results in Table 2, it can be seen that the research model approaches a good fit model.

CMIN/DF is a parsimonious suitability index that measures the goodness of fit model with the number of estimated coefficients expected to achieve conformity. The results of CMIN/DF in this study were 1,526 indicating that the research model was fit.

The Goodnes of Fit Index (GFI) shows the overall level of model suitability which is calculated from the squared residual of the predicted model compared to the actual data. The GFI value in this model is 0.682. A value close to the recommended level of 0.90 indicates a marginal fit research model.

RMSEA is an index used to compensate for the chi-square value in a large sample. The RMSEA value of this study is 0.062 with a recommended value of 0.08, this indicates a fit research model.

AGFI is a GFI adjusted for the ratio between the proposed degree of freedom and the degree of freedom of the null model. The AGFI value in this model is 0.655, close to the recommended level of 0.90 indicating a marginal fit research model.

TLI is a suitability index that is less affected by sample size. The TLI value in this study is 0.909 with a recommended value of 0.90, this indicates the research model is fit.

CFI is an index that is relatively insensitive to the size of the sample and the complexity of the model. The CFI value in this study is 0.913 with a recommended value of 0.90, this indicates the research model is fit.

Based on the overall goodness of fit measurement above, it indicates that the model proposed in this study is accepted.

Table 3. Relationship between variables

			Estimate	S.E.	C.R.	P	hypothesis
Performance	□	Compensation	,142	,066	2,153	0,031	Positif Signifikan
Performance	□	Comitment	,147	,071	2,076	0,038	Positif Signifikan

The estimated parameter value of the standardized regression weight coefficient is

0.142 and the C.R value is 2.153, this shows that the relationship between compensation and performance is positive. This means that the better the compensation, the better the employee's performance. Testing the relationship between the two variables shows a probability value of 0.031 ($p < 0.05$), so that (H1) which reads "Compensation has a positive effect on performance" is supported and can be stated if there is a direct influence between compensation and employee performance.

The estimated parameter value of the standardized regression weight coefficient is

0.147 and the C.R value is 2.076, this shows that the relationship between organizational commitment and performance is positive. This means that the better the organizational commitment, the better the performance of employees. Testing the relationship between the two variables shows a probability value of 0.038 ($p < 0.05$), so that (H2) which reads "Organizational commitment has a positive effect on performance" is supported and can be stated if there is a direct influence between organizational commitment and employee performance.

To see the mediating relationship between the independent variable and the dependent variable by comparing the value of standardized direct effects with standardized indirect effects. If the value of the standardized direct effects is smaller than the value of the standardized indirect effect, it can be said that the mediating variable has an indirect influence on the relationship between the two variables.

Table 4. Standardized Direct Effects(Group number 1 - Default model)

	Comitment	Compensation	Satisfaction	Performance
Satisfaction	,471	,415	,000	,000
Performance	,166	,172	,619	,000

Table 5. Standardized Indirect Effects(Group number 1 - Default model)

	Comitment	Compensation	Satisfaction	Performance
Satisfaction	,000	,000	,000	,000
Performance	,292	,257	,000	,000

The effect of compensation on employee performance is mediated by satisfaction comparing the direct effect value $<$ indirect effect value, testing the relationship between the two variables shows a value of $0.172 < 0.257$ this shows that job satisfaction mediates compensation on positive employee performance. This means that the better the compensation it will create job satisfaction, and have an impact on improving employee performance. So (H3) which reads "Compensation has a positive effect on performance through job satisfaction" is supported and can be stated if there is an indirect effect between compensation and employee performance.

The effect of organizational commitment on employee performance is mediated by satisfaction comparing the direct effect value $<$ indirect effect value, showing a value of $0.166 < 0.292$. It means that job satisfaction mediates organizational commitment to positive employee performance. The better the organizational commitment it will create job satisfaction, and have an impact on improving employee performance. So (H4) which reads "Organizational commitment has a positive effect on performance through job satisfaction" is supported and can be stated if there is an indirect influence between organizational commitment and employee performance.

IV. CONCLUSION

Based on the results of data analysis and discussion that has been stated, it can be concluded that: Compensation has a positive effect on performance. The better compensation received by employees makes employees more motivated and tend to work optimally to provide the best for the organization. Thus, hypothesis is accepted. Organizational commitment has a positive effect on performance. Teachers are committed to working optimally because they want the success of the organization they work for. Someone with high organizational commitment will produce good performance in order to achieve organizational goals. Thus hypothesis is accepted. Compensation has an indirect effect on performance through job satisfaction. With the provision of compensation that is felt to be fair and in accordance with job responsibilities, the respondent will feel satisfied and as a result it will certainly motivate him to improve performance. Thus hypothesis is accepted. Organizational commitment has an indirect effect on performance mediated by job satisfaction. With high organizational commitment will give maximum effort to achieve organizational goals, are willing to sacrifice for the sake of the organization and have a strong desire to stay in the organization. Thus, hypothesis is accepted.

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