

# ANALYSIS OF THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, MOTIVATION AND COMPENSATION ON EMPLOYEE PERFORMANCE

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## **Abstract**

*This paper has a purpose to know the connection between two variables which is independent variables (Organizational Commitment, Motivation and Compensation) and dependent variable (Employee Performance) at Technical Division PT Advance Digital. The methodology that is used in this research is using multiple linear regression, T-test and F-test. According to the results, the effect of Organizational Commitment, Motivation and Compensation on the Performance of Technical Division in PT Advance Digital, as already predicted, Organizational Commitment, Motivation and Compensation are affecting the Performance of Employees. From the three variables, it was found that motivation has the most dominant effect on the performance of employees.*

**Keywords:** *Organizational Commitment, Motivation, Compensation, Employee Performance.*

## **INTRODUCTION**

The phenomenon of development and competition in telecommunication technology has created increasingly high business competition, the need for human resources is increasing and humans are the most important asset in supporting company performance. As is known, generally organizations that are willing to adapt to changes in their environment will be able to survive in today's business competition. Long-term oriented organizational strategy allows the organization to interact optimally and effectively with its environment so that organizational goals can be achieved in facing increasingly competitive business competition. Likewise with businesses in the field of cellular telephone service technology provided by PT. advance digital,

The field of human resource management is currently getting great attention, because in the current era of globalization, human resources are the key to the survival of an organization. Human resources are a unique asset that is difficult for other organizations to imitate. This is due to the dynamic and flexible nature of human resources to adapt to changes that occur in their environment. The performance of these employees will be related and have a direct impact on services to other departments in terms of system requirements and solving problems that occur in daily work.

This relates to the operation of information systems and telecommunications technology equipment that requires intervention from technical staff to operate and input

the necessary data, especially because of the nature of work related to technical matters and cannot be completely abandoned or replaced by computer machines. Another thing that can affect the performance of employees is the motivation that the company does to employees in the form of compensation that runs smoothly and in accordance with the plan, the next step that is expected to occur is an increase in employee performance. When employee performance has been achieved, the company can measure the extent to which the performance improvement they have achieved. It often happens that employees demand things quickly, such as reimbursement of medical bills carried out on the same day or other areas that have not been touched by the company's commitment to its employees. When this commitment is underestimated by employees because there have been many disappointments experienced at that time the sense of confidence in each employee will be lost. If this happens, it will have an impact on decreased morale, decreased productivity, unsatisfactory efficiency and ultimately organizational effectiveness will not be realized. When this commitment is underestimated by employees because there have been many disappointments experienced at that time the sense of confidence in each employee will be lost. If this happens, it will have an impact on decreased morale, decreased productivity, unsatisfactory efficiency and ultimately organizational effectiveness will not be realized. When this commitment is underestimated by employees because there have been many disappointments experienced at that time the sense of confidence in each employee will be lost. If this happens, it will have an impact on decreased morale, decreased productivity, unsatisfactory efficiency and ultimately organizational effectiveness will not be realized.

**Research purposes.** Broadly speaking, the objectives to be achieved in this study are to determine the effect of organizational commitment, motivation and compensation either partially or simultaneously on employee performance in the Engineering Division of PT Advance Digital.

### ***THEORITICAL REVIEW***

**Organizational Commitment.** Organizational commitment is the attitude of employees to remain in the organization and be involved in efforts to achieve the organization's mission, values and goals. Furthermore, organizational commitment is a more concrete form of loyalty that can be seen from the extent to which employees devote attention, ideas and responsibilities in an effort to achieve organizational goals. Dessler (2018) argues that organizational commitment is the identification power of an individual's involvement with the organization. High commitment is characterized by three (3) things, namely: (1) a strong belief in and acceptance of the goals and values of the organization; (2) Strong will to work for the organization; and (3) a strong desire to remain a member of the organization. Commitment appears in the form of a separate attitude,

Organizational commitment is defined as a condition in which an employee sided with a particular organization and its goals and desires to maintain membership in the organization [1]. Organizational commitment is the extent to which an individual identifies and engages with his or her organization or is unwilling to leave it [2]. While [3]states that organizational commitment describes the extent to which individuals identify themselves and are involved with their organizations and do not want to leave their organizations.

### **Motivation**

To achieve motivational effectiveness, motivational theories from experts are needed as supporters. The theories of motivation in [4] are as follows: Hierarchy of Needs Theory. The hierarchy of needs theory is the most famous motivation theory of Abraham Maslow. The hypothesis says that in all humans reside five levels of needs, namely as follows: (a) Physiological needs, are human needs that are physical. Such as: hunger, thirst, protection (clothing and housing), sex, and other physical needs. (b) Security needs are human needs that arise after physical needs are met. Among other things: safety and protection against physical and emotional harm. (c) Social needs, is a human need that arises because of social interaction between one human and another, and between humans and groups. Includes: affection, belonging, acceptance, and friendship. (d) The need for appreciation, namely human needs that are more self-interested or egotistical. Includes internal reward factors such as: self-esteem, autonomy, and achievement; as well as the reward factor. (e) The need for self-realization or self-actualization, is a person's need to become a human according to his abilities. Among others: growth, achievement of potential, and self-fulfillment. namely human needs that are more self-interested or egotistical. Includes internal reward factors such as: self-esteem, autonomy, and achievement; as well as the reward factor. (e) The need for self-realization or self-actualization, is a person's need to become a human according to his abilities. Among others: growth, achievement of potential, and self-fulfillment. namely human needs that are more self-interested or egotistical. Includes internal reward factors such as: self-esteem, autonomy, and achievement; as well as the reward factor. (e) The need for self-realization or self-actualization, is a person's need to become a human according to his abilities. Among others: growth, achievement of potential, and self-fulfillment.

Motivation comes from the Latin *movere* which means encouragement or movement. In general, motivation can be interpreted as the drive and desire and effort that arises from an individual to do something. [5] in [6] suggests that motivation is the desire to do as a willingness to expend a high level of effort for organizational goals, which is conditioned by the ability of that effort to meet an individual need. An individual does something based on a desire and an urge to fulfill a need. Motivation as an individual's encouragement becomes very important, without this encouragement, the individual is not motivated to carry out the tasks and work assigned.

### **Compensation**

Almost all researchers agree that effective compensation administration has a strong influence in increasing employee satisfaction. Compensation satisfaction is very important because if compensation satisfaction is low then job satisfaction is also low, the consequences of employee turnover and absenteeism will increase and cause high costs for the company. The higher the payment, the more satisfied the compensation received. According to [7], employee compensation is all forms of payment or gifts given to employees and arising from their work. There are basically two ways to make financial payments to employees, namely direct payments and indirect payments. Direct payments are payments in the form of wages, salaries, incentives, commissions and bonuses.

The purpose of compensation in each company is different, this of course depends on the interests of the company. The purpose of compensation can be regarded as one of the motivations or incentives provided by the company to increase employee productivity. These conditions will minimize dissatisfaction among employees, reduce

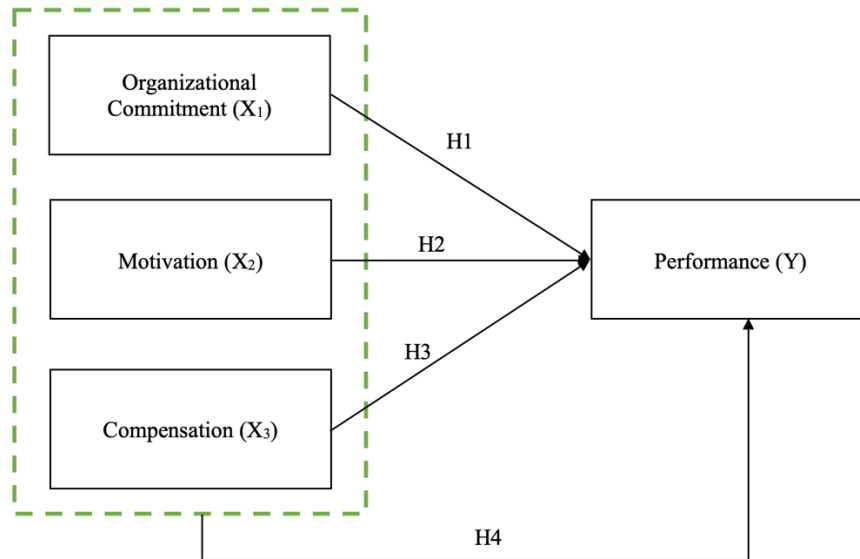
work delays and increase organizational commitment. If workers feel that their efforts are not appreciated, then their performance will be below their capabilities. There are several causes of employee satisfaction and dissatisfaction with the compensation they receive, namely: (1) Individual satisfaction with compensation is related to expectations and reality of the compensation system. The compensation received is not as expected, if the compensation received is too small compared to expectations. (2) Employee satisfaction and dissatisfaction with compensation also arises because employees compare with other employees in the field of work and similar organizations. Dissatisfaction will arise when their superiors are unfair in treating subordinates and giving different authority to employees with the same position level. (3) Employees often misperceive the compensation system applied by the company. This happens because the company does not communicate accurate information about compensation and does not know the type of compensation needed by employees. (4) Satisfaction and dissatisfaction with compensation also depends on the variation of the compensation itself. The compensation has different functions so that a good combination of compensation variations will meet the needs and satisfaction of employees. Furthermore, what is meant by compensation satisfaction in this study is employee satisfaction with the compensation received from the company as remuneration for their work.

### ***Employee performance***

Employee performance is the work that can be achieved given the function of a particular job or activity during a certain period. [8] provides an understanding of employee performance is the level at which employees achieve job requirements. According to [9], the performance termed as work is the result of the implementation of a job, both physical / material and non material. According to [9]), the notion of performance is the result of work in quality and quantity achieved by an employee in his ability to carry out tasks in accordance with the responsibilities given to him. In addition, performance can also be interpreted as a result and effort of a person achieved by the ability and actions in certain situations. Based on the work of organizational theorists, is that satisfied, committed and well-adjusted employees will be better able to work in accordance with the goals of the company's organization and provide full service to the organization, then promote organizational effectiveness of dissatisfied employees who will have more satisfaction. with the expected behaviour needed, running more to its potential and bad behaviour that will reduce the productivity and organizational effectiveness of the company. Furthermore, some evidence that commitment reflects the stable nature of employees if it is known later that employee performance cannot be optimal without commitment, it can be argued that employee satisfaction and commitment are an indication of effectiveness.

### ***Framework***

Based on the results of research and literature study, the authors develop a theoretical framework which states: (1) How Organizational Commitment affects Employee Performance. (2) How motivation affects employee performance. (3) How Compensation affects employee performance. (4) How Organizational Commitment, Motivation and Compensation Affect Employee Performance.



**Figure 1. Framework**

### **Hypothesis**

H1: Organizational commitment affects the performance of employees of the engineering division of PT Advance Digital.

H2: Motivation affects the performance of employees of the engineering division of PT Advance Digital

H3: Compensation affects the performance of employees of the engineering division of PT Advance Digital

H4: Organizational commitment, motivation and compensation together affect employee performance.

### **RESEARCH METHODS**

#### **Types of Research Design**

This study uses data obtained through respondents, where respondents will provide verbal responses and or written responses in response to the statements given.

#### **Data Types and Sources**

(a) Primary Data, is data regarding respondents' opinions about organizational commitment, motivation and compensation on employee performance obtained directly from respondents by giving responses to questionnaire statements. In this study, the questionnaires were distributed directly to the respondents. (b) Secondary Data, is data obtained indirectly through intermediaries (obtained and recorded by other parties). In this study, secondary data only supports the initial data collection as research output.

#### **Population and Sample**

Determination of sample size using the formula from Slovin which states that the sample is considered representative of the population using a 5% confidence degree. To

determine the number of samples that are considered eligible, the formula from Slovin is used as follows:

$$n = \frac{N}{N.e^2 + 1}$$

Information: N = Number of Samples; N = Total Population; e = Confidence Level

**Data collection technique**

(a) Data collection techniques in this study are questionnaires, questionnaires or questionnaires, these can reveal data from each variable and get information from respondents, in the sense of reporting on the opinions of things they know. (b) Literature Research, namely research conducted by searching and studying the literature related to the problem under study, especially regarding the problem of the influence of organizational commitment, motivation and compensation on employee performance.

**Data analysis**

The data obtained through the questionnaire was then processed by statistical methods of hypothesis testing. In addition, the results of the interviews were analyzed separately. The raw scores from the attitude questionnaire using a Likert scale are then accumulated using multiple regression analysis techniques. The analytical tool used to test the hypothesis in this study is multiple regression using a significant level of 5%. Linear regression is used to determine the strength of the variable relationship between 2 or more variables which shows the direction of the relationship between the dependent variable and the independent. In order to get good results, multiple regression requires testing the assumptions first.

**RESULTS AND DISCUSSION**

**Research result**

The description of the respondents who became the research sample is as follows:

*Table 1*

Characteristics of Respondents

Gender	Frequency	Percentage (%)
Man	112	80
Woman	28	20
Total	140	100
Age	Frequency	Percentage (%)
23-30	73	52.14
31-40	50	35.71
41-50	17	12,20
Total	140	100
Level of education	Frequency	Percentage
S1	114	81.5
S2	23	16.5
S3	3	2.2
Total	140	100

Years of service	Frequency	Percentage
1-3 years	105	75
4-6 years	28	20
> 6 years	7	5
Total	140	100

Source: Data processed in 2021

Characteristics of Research Variables Based on the table below, of the four research variables, there are 65 statement items. The questionnaires distributed to one hundred and four employees of the engineering division of PT Advance Digital are as follows:

*Table 2*

Number of Questionnaire Items

No	Variable	Number of Questionnaire Items
1	Organizational Commitment (X1)	15
2	Motivation (X2)	15
3	Compensation (X3)	15
4	Performance (Y)	20
Total		65

Source: Data processed in 2021

### Validity Test Result

The results of testing the validity of the variables of Organizational Commitment, Motivation, Compensation and Employee Performance are all hereby informed to be valid based on testing the validity of the questionnaire. Based on the results of validity testing for each variable indicator of the statements and responses felt by respondents to Organizational Commitment, Motivation, Compensation and Employee Performance, all statements are greater than  $r$  table at a ninety percent confidence interval of 0.1622. Based on this, it shows that all statements are significant and can be declared valid as a research measuring instrument.

### Reliability Test

*Table 3*

Reliability Test Results

No	Item	Variable	Cronbach Alpha	Information
1	a	Organizational Commitment (X1)	0.928	Reliable
2	b	Motivation (X2)	0.776	Reliable
3	c	Compensation (X3)	0.903	Reliable
4	d	Performance (Y)	0.838	Reliable
	abcd	All Variables	0.906	Reliable

Source: Data processed by SPSS in 2021

In accordance with [10] that if the value of Cronbach's is greater than 0.6, it can be said to be reliable (reliable). So it can be concluded that the results of the questionnaire data have a good level of reliability, or in other words the data from the questionnaire results can be trusted. This means that measurements with data collection carried out



can provide consistent results when repeated measurements are made on the same subject.

**Classic assumption test**

Before the regression analysis is carried out, first the assumption test is carried out in the form of a data normality test and a test that states the data is free from classical assumptions, namely multicollinearity, heteroscedasticity, but because the data is not time series (because the data is taken at one time and distributed to 104 people) so that the autocorrelation assumption test was not carried out.

**Multiple Linear Regression Analysis Results**

*Table 4*

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,467a	,227	-,204	,134

a. Predictors: (Constant), organizational commitment, motivation, compensation

b. Dependent Variable: employee performance

Source: Data processed by SPSS in 2021

The value of the coefficient of determination R2 is 0.227 or 22.7%. The effect of organizational commitment, motivation and compensation together on employee performance is 22.7% while the remaining 77.3% is determined by other factors. In other words, changes in employee performance can be explained by the variables of organizational commitment, motivation and compensation of 22.7%. Another effect of 77.3% is explained by other factors not used in this study.

*Simultaneous Test (F Test)*

*Table 5*

F Test ( ANOVA )

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3,892	3	1,297	9,786	,000b
1	Residual	13,258	100	,133		
	Total	17,150	103			

a. Dependent Variable: employee performance

b. Predictors: (Constant), organizational commitment, motivation, compensation

Source: Data processed by SPSS in 2021

Based on the table above, it can be seen that the F value is 9.786 with a sig value of 0.000. sig value of 0.000 when compared to the alpha value of 0.005 (5%) is smaller. It can be concluded that the variables of organizational commitment, motivation and compensation together have a significant influence on the dependent variable of employee performance in the engineering division of PT Advance Digital. Based on the



results of the calculation of multiple linear regression analysis using SPSS, the regression coefficients are obtained in the table below. Simultaneous Test Results Regression Variable Organizational Commitment, Motivation, Compensation and Employee Performance.

**Multiple Regression Coefficient**

*Table 6*

Multiple Linear Regression

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	,699	,177		3,943	,000
	Organizational Commitment	-,001	,005	-,013	-,125	,901
	Motivation	,148	,078	,194	1,900	0.060
	Compensation	,335	,076	,400	4,421	,000

Dependent Variable: employee performance  
 Source: Data processed by SPSS in 2021

The test results show that the multiple regression equation obtained from the analysis results is  $Y = 0.699 - 0.001 X_1 + 0.148 X_2 + 0.335 X_3$  the regression equation that the price of 1 = -0.001 is negative, 2 = 0.148 is positive and 3 = 0.335 is positive. From the above equation it can be interpreted as follows: (1) The constant of 0.699 means that if the score of Organizational Commitment (X1), Motivation (X2) and Compensation (X3) is equal to zero, then the permanent employee performance score is 0.699 with a significance value of .000 which means it means that without the influence of Organizational Commitment, Motivation, and Compensation, then Employee Performance is still very low when combined with other variables, there will be an effect on Employee Performance. (2) X1 regression coefficient is -0.001 states that each addition of 1 (one) X1 value will experience a decrease in performance of 0.001. (3) X2 regression coefficient of 0.148 states that each addition of 1 (one) X2 value will increase performance by 0.148 (4) X3 regression coefficient of 0.335 states that each addition of 1 (one) X3 value will increase performance by 0.335.

**Hypothesis test**

(1)It can be seen in the first hypothesis testing that the independent variable Organizational Commitment has a regression coefficient value of -0.001 and a significant value of 0.901. The Sig value is greater than 0.05, so the hypothesis that is accepted in the first test is the H0 hypothesis, namely the organizational commitment variable has no positive effect on employee performance. (2) In testing the second hypothesis, the motivation variable has a regression coefficient of 0.148 and a significant value of 0.060. The Sig value is greater than 0.05, so the hypothesis that is accepted in the second test is the H0 hypothesis, namely the commitment variable has no positive effect on performance. (3) In testing the third hypothesis, the compensation variable has a regression coefficient value of 0.335 and a significant value of 0.01.

### ***Analysis of Research Results***

Based on the independent variable the most influential is the Compensation Variable, the Dimension of Compensation that has the strongest relationship with Performance is the Dimension of Activity and Dimension of Social Competence. (1) In testing the first hypothesis, the independent variable Organizational Commitment has a regression coefficient value of -0.001 and a significant value of 0.901. The Sig value is greater than 0.05, so the hypothesis that is accepted in the first test is the H0 hypothesis, namely the organizational commitment variable has no positive effect on performance. This means that organizational commitment does not have a positive effect on employee performance. But the effect caused by organizational commitment is a negative influence because its coefficient value is negative.

In testing the second hypothesis, the motivation variable has a regression coefficient of 0.148 and a significant value of 0.060. The Sig value is greater than 0.05, so the hypothesis that is accepted in the second test is the H0 hypothesis, namely the motivation variable has no positive effect on performance. so that H0 is rejected and H1 is accepted, which means that partially (alone) motivation does not have a positive effect on employee performance.

Seen in the results of hypothesis testing, the three compensation variables have a regression coefficient of 0.335 and a significant value of 0.01. then the hypothesis that is accepted in the third test is the hypothesis Ha1 that is so that H0 is rejected and H1 is accepted which means that partially (alone) compensation has a positive effect on employee performance.

Based on the results of the analysis of determination, the coefficient of determination R2 (R Square) is 0.476, meaning that the variables of organizational commitment, motivation and compensation have a moderate relationship with employee performance. While the value of the coefficient of determination R2 (R Square) is 0.227 or 22.7%. In other words, the effect of organizational commitment, motivation and compensation together on employee performance is 22.7% while the remaining 77.3% is determined by other factors, outside of organizational commitment, motivation and compensation on employee performance. And based on the results of the Simultaneous test (f test) the results obtained are  $f_{count} > f_{table}$  ( $9.786 > 3.09$ ), then H0 is rejected and H1 is accepted so that it can be said that organizational commitment, motivation and compensation affect employee performance.

Based on the results of data analysis, it can be concluded that the hypothesis proposed in this study is accepted. This shows that there is a significant influence between organizational commitment, motivation and compensation on employee performance.

### ***CONCLUSION***

Hypothesis From the test results, the authors propose a hypothesis in this study that the organizational commitment variable (X1) does not have a positive effect on employee performance in the engineering division of PT Advance Digital, the motivation variable (X2) does not affect the performance of employees in the engineering division of PT Advance Digital and Compensation variable (X3) affects the performance of employees in the engineering division of PT Advance Digital by concluding as follows: (1) The results of hypothesis testing indicate that organizational commitment has no significant effect on the performance of employees of the engineering division of PT Advance Digital, an employee of the engineering division has high loyalty to company and pride in the products owned by the company. On Organizational Commitment,

affectivity (component related to the emotional desire to be associated with the organization) does not have a high correlation with professional competence, continuity (commitment based on awareness of the costs that will be borne if joining the organization) does not have a high correlation to social and normative competence (commitment based on a feeling of obligation as an employee to stay because of a feeling of indebtedness) does not have a high correlation on personality competence. This is because employees of the engineering division of PT Advance Digital have high loyalty to the company and a sense of pride in working and serving the company. (2) The results of this hypothesis test show a relationship or influence on motivation on the performance of the engineering division employees at PT Advance Digital. Employees of the engineering division have a high desire to work because their educational background is in accordance with the field of communication technology and there are always opportunities to learn developments and new science and technology when carrying out their duties and responsibilities while working. Motivation to employees has an effect on improving performance, because each employee in the technical division has a good desire to work in the company. (3) The results of the hypothesis test show that there is a significant positive effect of compensation on the performance of the engineering division employees at PT Advance Digital. If an employee receives adequate compensation, his performance will increase. Compensation can be material having a high correlation on social competence, compensation in the form of activities has a high correlation with social competence. Competence that is quite good can provide peace of mind and determination of an employee in relation to the necessities of life that will be relatively fulfilled so that employees concentrate more on providing the best and maximum performance for the company. (4) The results of this hypothesis test indicate that compensation is the variable that has the most influence on the performance of the employees of the Engineering Division at PT Advance Digital.

### **Suggestion**

To further improve the performance of employees of the Engineering Division of PT Advance Digital, the company needs to pay attention to increasing motivation and consider compensation in the form of material, where the company should make a rule relating to the rights and obligations of an employee, which is appropriate and regulates the amount of salary, bonus, incentives and allowances because this will increase social competence, and it is necessary to provide comfortable and good work space facilities. Companies can also improve employee social status by paying attention to employment status, recognition of employee skills possessed by workers, holding office outings or outbound, because this is correlated with social competence.

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