

The Mediating Role Of Organizational Commitments On The Effects Of Work Discipline And Compensation On Employee Performance

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ABSTRACT: *This study aims to examine the effect of work discipline and compensation on employee performance, as well as organizational commitment. Respondents in this study were 125 drivers working at PT. Gojek Indonesia in the Special Region of Yogyakarta (DIY) in 2018. The analysis technique used is structural equation modeling with the help of the AMOS version 22.0 program as an analytical tool. This study concludes as follows: 1) Work discipline has a positive and not significant effect on organizational commitment, 2) Compensation has a positive and significant impact on organizational commitment, 3) Organizational commitment has a positive and significant effect on employee performance, 4) Work discipline has a positive effect and vital to employee performance, 5) Compensation does not affect employee performance. The final suggestion of this study is that management must focus on compensation and organizational commitment to increase employee performance.*

KEYWORDS - *Work discipline, Compensation, Employee performance, Organizational commitment*

I. INTRODUCTION

Organizational commitment is one of the variables that determine the level of someone feeling organization ownership. With organizational commitment, an employee would play an active role in the production process in a company. The sense of belonging to the company makes employee care about the company so that it can be a problem solving and cost savings that must be spent by the company.

The evaluation of the level of organizational commitment evaluated after testing the compensation received by employees and the influence of the work discipline carried out correctly by the employees. Through the field observation, there is a high level of public interest in becoming motorcycle taxi drivers at PT. Gojek Indonesia, and the top income of drivers accumulated per month. These suggest that there is a potential influence on organizational commitment.

PT. Gojek Indonesia (commonly called as Gojek) is the company that leads the revolution in the motorcycle taxi industry in Indonesia. Gojek provides a shuttle service with modern motorcycle taxi based on application. Not only motorcycle taxi (Go-ride), Gojek also provides transportation services using cars (Go-car), freight forwarding services (God-send), food delivery services (Go-food), shopping services, large freight forwarding services, massage services, cleaning services, salon care services, event ticket booking service, and delivery services to busway stops. The success of PT. Gojek Indonesia with 200,000 units of a taxi (motorcycle and car) spread throughout Indonesia may be the consequence of having a competitive compensation level so that creating high employee organizational commitment, as well as employee work discipline.

II. EMPLOYEE PERFORMANCE ASSESSMENT

Performance appraisal is a company activity in seeing the work results of its employees by evaluating the work results of employees [1] (Razak, et al., 2018). Performance appraisal by comparing the results obtained by the employee with the work conditions agreed upon previously. Employee performance falls into the excellent category if the results of its performance can exceed the agreed working conditions and vice versa.

Also, performance appraisals can be reviewed in a matrix based on the number and quality of work completed by employees in a certain period (Fig. 1).

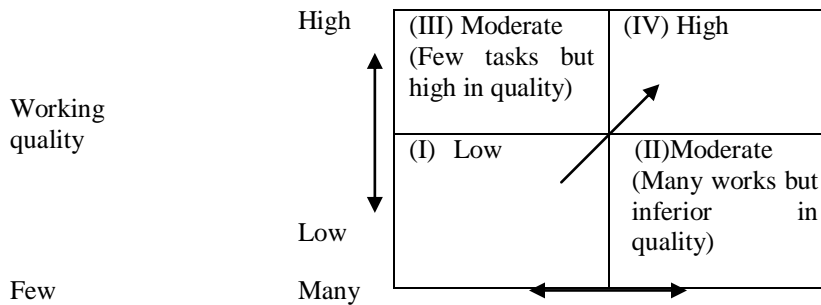


Fig. 1 Employee performance matrix (Wilson Bangun, 2012 in Yuyuk, 2014)

Fig. 1 above shows that performance is high if an employee can produce many works with high quality (IV quadrant). Conversely, a performance falls into the low category if an employee only provides a few jobs with low quality, seen in the first (I) quadrant. Incorrect selection and placement would affect the emergence of this situation (i.e., low performance). The employees in a small work position cannot be preserved in the company. This situation is possibly overcome by conducting a mutation for its employees. The following circumstances are employees with many works but in low quality showed in second (II) quadrant, and employees with few tasks but in high quality showed in third (III) quadrant. Conducting job training for each employee may become the solution for these moderate situations (quadrant II and III).

III. OBJECTIVES AND BENEFITS OF COMPENSATION

Compensation is a company's obligation as a form of appreciation for the performance provided by employees for the company [2] (Mondy, 2010). The company respects all efforts made by employees by giving them reasonable compensation and by the tasks they perform. The accuracy of reward affects the level of employee performance. The fairness of the reward system would impact on improving employee performance. It should be noted that compensation in this paper is accumulative income in the form of direct goods (e.g., salaries, wages, bonuses, performance payments, and commission) or indirect products (e.g., bonus, insurance, recognition of work, salary stipulations, holidays and leave) that employees receive in return for services provided to companies.

IV. RESEARCH METHODOLOGY

1.1. Research Design

The present study used a quantitative approach, with the object examined was PT. Gojek Indonesia and the subjects were the drivers (i.e., employees of the motorcycle taxi) of Gojek in the Special Region of Yogyakarta, including Sleman, Yogyakarta City, Bantul, Gunung Kidul, and Kulon Progo Regency. To meet the criteria for Maximum Likelihood Estimation technique, the minimum sample in this study was 125 respondents, with 25 respondents in each regency. Data was collected by operational distribution techniques, where the data populations of this study were the drivers or employees of motorcycle taxi service of Gojek in the Special Region of Yogyakarta. Also, sampling questionnaires were conducted with the time limit, which collected two weeks after the poll was distributed to the driver.

1.2. Hypothesis Data

Based on the preliminary assessment above, there are five hypotheses as follows:

H1: Work discipline has a positive and significant effect on organizational commitment.

H2: Compensation has a positive and significant effect on organizational commitment.

H3: Organizational commitment has a positive and significant effect on employee performance.

H4: Work discipline has a positive and significant effect on employee performance.

H5: Compensation has a positive and significant effect on employee performance.

The above hypotheses were then evaluated by a statistical analyzed using hypothesis testing criteria as presented in Table 1 below.

Table 1Hypothesis testing criteria

No.	Hypothesis	Decision-making (H ₀ rejected)
1.	H ₀ : Work discipline does not affect organizational commitment H ₁ : Work discipline has a significant positive effect on organizational commitment	$Pvalue \leq 0.05$ or $t\text{-calculated} \geq 1.96$
2.	H ₀ : Compensation does not affect organizational commitment H ₂ : Compensation has a significant positive effect on organizational commitment	$Pvalue \leq 0.05$ or $t\text{-calculated} \geq 1.96$
3.	H ₀ : Organizational Commitment does not affect employee performance H ₃ : Organizational Commitment has a significant positive effect on employee performance	$Pvalue \leq 0.05$ or $t\text{-calculated} \geq 1.96$
4.	H ₀ : Work discipline does not affect employee performance H ₄ : Work discipline has a significant positive effect on employee performance	$Pvalue \leq 0.05$ or $t\text{-calculated} \geq 1.96$
5.	H ₀ : Compensation does not affect employee performance H ₅ : Compensation has a significant positive effect on employee performance	$Pvalue \leq 0.05$ or $t\text{-calculated} \geq 1.96$

The hypothesis relations between work discipline, organizational commitment, employee performance, and compensation this study are displayed in a research model as presented in Fig.2.

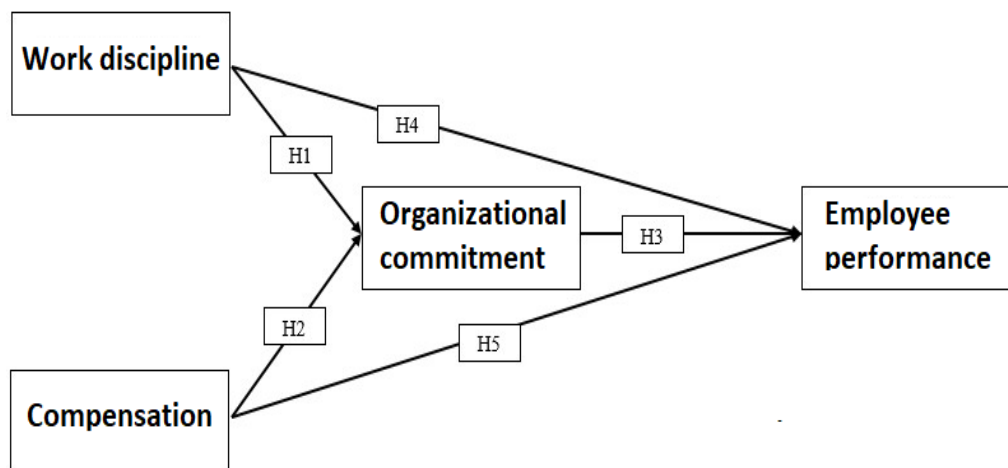


Fig.2 Research model

Fig. 2 explains that work discipline (X_1) and compensation (X_2) were independent variables, while organizational commitment (Y_1) served as an intervening or mediating variable. Furthermore, employee performance (Y_2) presented as the dependent variable. The details about those variables, including definition, indicator, and item code used in this present study are summarized in Table 2 and illustrated in Fig. 3.

Table 2 Variables details (definition, indicator, and item code)

Variable	Definition	Indicator	Item Code
Work discipline	Discipline is the awareness and willingness of a person to obey all company rules and prevailing social norms [3](Yang et al., 2016)	1. Norm a. Level of timeliness (punctuality) b. Level of compliance with regulation 2. Ethics a. Remuneration b. Justice 3. Wisdom a. Work productivity b. Compliance with regulation c. Compliance with order d. Complete work with a good spirit	DK1 DK2 DK3 DK4 DK5 DK6 DK7 DK8
Compensation	Compensation is accumulated income in the form of money, goods directly or indirectly received by employees in return for services provided to the company[4](Mondy, 2010).	1. Direct compensation a. Salary b. Wages c. Bonus d. Achievements payment e. Commission 2. Indirect compensation a. Bonus justice b. Insurance c. Works recognition d. Punctuality to receive salary e. Holidays and leave	KP1 KP2 KP3 KP4 KP5 KP6 KP7 KP8 KP9 KP10
Organizational commitment	Organizational commitment is an attitude, bound by time and space and sustained through interactive processes, that arises from the individual's acceptance of the organization's goals and values, a willingness to contribute to that organization's affairs, and strong desire to maintain a good relationship with the organization[5] (Liou, 2008)	1. Affective Commitment a. Work until the project is complete b. The emotional bond with the company 2. Continuance Commitment a. Need a job at the company b. Feel the loss of leaving a company 3. Normative Commitment a. Unethical to leave the company b. Loyalty to the company	KO1 KO2 KO3 KO4 KO5 KO6
Employee performance	Performance is the result or level of success of a person as a whole during a certain period in carrying out tasks compared to various possibilities, such as work standards, targets or targets or predetermined criteria that have been mutually agreed upon. [6] (Al Mehrzi and Singh, 2016)	1. Quality a. Thoroughly complete work. b. Complete work on time 2. Quantity a. Work is completed according to the specified time limit 3. Supervision a. Complete a job without being supervised by a supervisor 4. Timeliness a. Work on time b. No procrastination 5. Creativity a. Creativity at work b. Use of free time for development 6. Interpersonal impact a. Cooperate with team b. Do good with colleagues	KK1 KK2 KK3 KK4 KK5 KK6 KK7 KK8 KK9 KK10

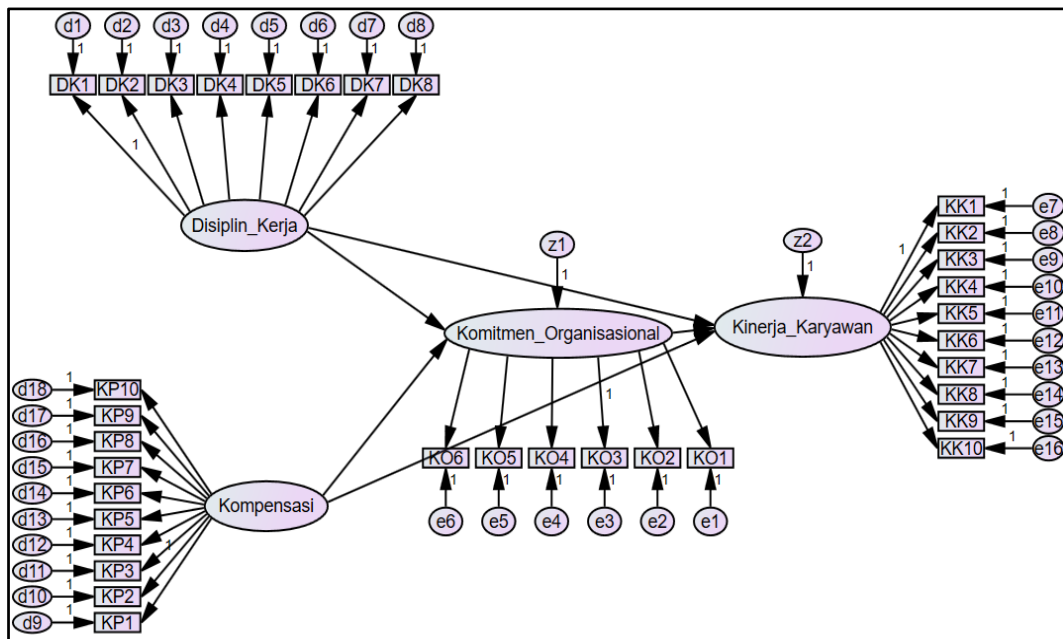


Fig.3 Full-research model diagram

V. RESULTS

The result of the validation of full models that was index modified is shown in Fig. 4 and summarized in Table 3.

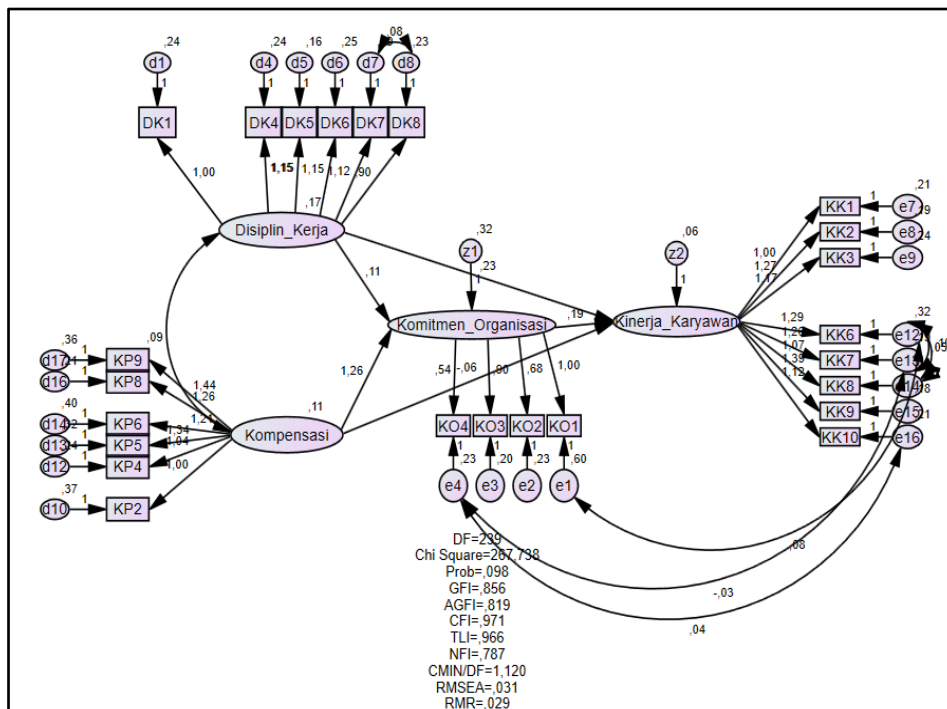


Fig.4 Valid full model, modified an index

Table3 Index Modification Results

DK1	<---	Work discipline	1.000					
DK4	<---	Work discipline	1.154	.183	6.292	***	par_6	
DK5	<---	Work discipline	1.150	.167	6.892	***	par_7	
DK6	<---	Work discipline	1.148	.183	6.261	***	par_8	
DK7	<---	Work discipline	1.120	.173	6.487	***	par_9	
DK8	<---	Work discipline	.905	.158	5.711	***	par_10	
KP2	<---	Compensation	1.000					
KP4	<---	Compensation	1.036	.244	4.236	***	par_11	
KP5	<---	Compensation	1.343	.294	4.571	***	par_12	
KP6	<---	Compensation	1.206	.287	4.195	***	par_13	
KP8	<---	Compensation	1.257	.275	4.577	***	par_14	
KP9	<---	Compensation	1.436	.320	4.491	***	par_15	
KK1	<---	Employee performance	1.000					
KK2	<---	Employee performance	1.275	.242	5.268	***	par_16	
KK3	<---	Employee performance	1.165	.238	4.888	***	par_17	
KK6	<---	Employee performance	1.290	.273	4.730	***	par_18	
KK7	<---	Employee performance	1.257	.248	5.067	***	par_19	
KK8	<---	Employee performance	1.069	.247	4.327	***	par_20	
KK9	<---	Employee performance	1.394	.264	5.290	***	par_21	
KO1	<---	Organizational commitment	1.000					
KO2	<---	Organizational commitment	.679	.100	6.784	***	par_22	
KO3	<---	Organizational commitment	.898	.116	7.715	***	par_23	
KO4	<---	Organizational commitment	.542	.088	6.192	***	par_24	
KK10	<---	Employee performance	1.120	.232	4.833	***	par_25	

The full model diagram consists of valid data on exogenous variables, and endogenous variables. Full model testing employees testing validity by using (i) the parameter significance test with terms > 1.96, and (ii) standardized estimates with conditions > 0.5. The goodness of fit test using conformity factor analysis, as summarized in Table 4. Also, the results of the regression model (*t*-test) and coefficient determination are presented in Table 5 and 6, respectively.

Table4 Result of conformity level measurement (goodness of fit model)

No.	Criteria	Cut off value	Result	Annotation
1.	X ² (Chi-Square)	≤ <i>a.df</i> (less than X ² table) <i>df</i> = 276.063	267.738	fit
2.	Significance Probability (<i>P</i>)	≥ 0.05	0.098	fit
3.	GFI	≥ 0.90	0.856	Marginal fit
4.	AGFI	≤ 0.90	0.819	Marginal fit
5.	CFI	≤ 0.90	0.971	fit
6.	NNFI/TLI	≥ 0.90	0.966	fit
7.	RMSEA	≤ 0.08	0.031	fit
8.	RMR	≤ 0.05	0.029	fit

Table5 Estimated regression coefficient

Variable	Estimate
Organization commitment <--- Work discipline	0.065
Organization commitment <--- Compensation	0.586
Employee performance <--- Organization commitment	0.450
Employee performance <--- Work discipline	0.320
Employee performance <--- Compensation	- 0.068

Table6 Estimated regression coefficient

Variable	Estimate
Organization commitment	0.396
Employee performance	0.368

From the calculations in Table 5 and 6 above, the regression equation can also be formulated as equation (1) and (2) follows:

$$KO = 0.065 (DK) + 0.586 (KP) + 0.604 \square \dots\dots\dots (1)$$

$$KK = 0.450 (KO) + 0.320 (DK) + -0.068 (KP) + 0.632 \square \dots\dots\dots (2)$$

Based on the influence models, the following models of path influence analysis illustrated in Fig.5. Subsequently, model estimation (Table 7) and regression model (Fig. 6) with T-value were obtained.

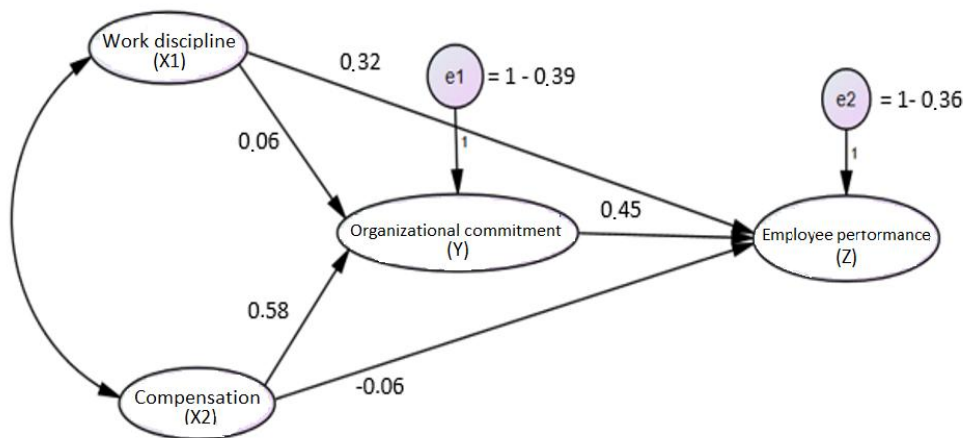


Fig.5 Estimationresults of path analysis regression coefficient

Table7 Model Estimation

Variable	Estimation	S.E	C.R	P	Annotation
Work discipline → Organizational commitment	0.113	0.241	0.471	0.638	Insignificant
Compensation → Organizational commitment	1.225	0.397	3.158	0.002	Significant

Organizational commitment	→	Employee performance	0.189	0.067	2.806	0.005	Significant
Work discipline	→	Employee performance	0.234	0.111	2.110	0.035	Significant
Compensation	→	Employee performance	-0.61	0.159	-0.383	0.702	Insignificant

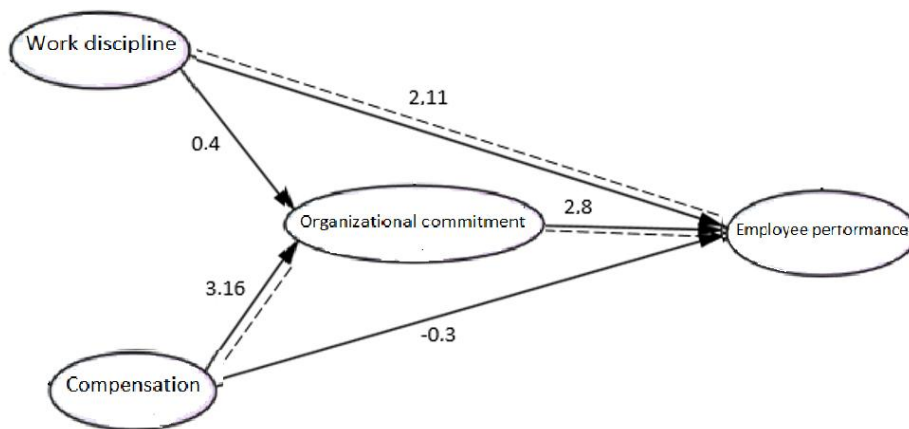


Fig.6 Regression model with T-value

VI. DISCUSSION

1.3. Work discipline affects organizational commitment

The results of this study indicated that work discipline variables have a positive but not significant effect. Which means that all the provisions of the organization in disciplining its employees have not been able to realize the commitment of each employee. Work discipline can be influenced by excessive work discipline for each employee.

1.4. The effects of Compensation towards organizational commitment

The research output in this study showed a significant impact of compensation in the stages of organizational commitment. Compensation is a form of reward given to employees as remuneration for the contributions they make to organizations [7] (Dessler, 2013). Importantly, compensation is prominent for employees because the amount of compensation reflects the value of their work among the other employees, their families, and the community. The compensation program is also substantial for the company, since it reflects the organization's efforts to maintain human resources or in other words so that employees have high loyalty and commitment to the company [8] (Decenzo et al., 2013).

The results of this study are supported by previous research conducted by [8], stating that work compensation affects employee commitment. Other studies [9][10] also showed the influence of work compensation provided by the company to employees on the dedication of the employees themselves.

1.5. Organizational Commitment influences employee performance

The level of commitments, both company commitment to employees and employees to the company, are essential because these commitments would create a professional work climate. This statement is proven in

the statistical output which states that there was a significant effect of organizational commitment on employee performance. Commitment has an essential role in improving employee performance in an organization. The high commitment would impact on increasing employee performance. This statement is supported by [8] conveying that the commitment of an employee to his organization could be a noteworthy instrument to improve the performance of these employees. This argument is also reinforced by [9] Smithin (Ciptodiharjo, 2013) indicating that organizational commitment was significantly positively related to the performance of production employees.

1.6. The effects of Work Discipline towards employee performance

Employee discipline such as in complying with company rules and carrying out tasks would affect how the employee completes his work. It also would determine and influence the quality of his work. Employees with good discipline, especially in terms of timeliness, is likely to decide on the ability of employees to complete their tasks within the time set by the company.

1.7. The effects of Compensation towards employee performance

Empirically, the compensation component consists of salaries, incentives, protection, complementary compensation, and facilities. All compensation components in this study were assessed well by respondents, especially from the element of pay which included a satisfactory payroll system so that it could motivate employees and the amount of salary that was considered fair and decent. However, the results of this study indicated that the compensation variable had an adverse and insignificant effect. Which means that compensation received by employees is not a motivation for the creation of employee performance. Most employees who are respondents in this study do this work is a side job and not their primary responsibility.

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