

# THE INFLUENCE OF COMPENSATION, ORGANIZATIONAL COMMITMENT AND CAREER PATH TO JOB PERFORMANCE EMPLOYEES

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**Abstract:** This study aimed to analyze the influence of Compensation, Organizational Commitment and Career Path to Job Performance Employees at the College of Economics in Banjarmasin South Kalimantan Indonesia. Either simultaneously or partially and the dominant variable affecting work achievement by the number of respondents was 35 people. Data were collected through questionnaires, interviews and direct observation to the object of research. The object of research conducted at the School of Economics Indonesia in Banjarmasin. Data collection techniques using explanatory Research by highlighting the influence of variables. This research included in the quantitative research. Data analysis techniques using multiple linear regression. The results showed that simultaneous Compensation, Organizational Commitment, and Career have a significant effect on the achievement of Employees at the Open University UPBJJ Banjarmasin, while the partial effect of all the variables also has an influence on work performance. The dominant variable affecting work performance is variable compensation with a significant level of 0.0000.

**Keywords:** compensation, organizational commitment, job performance, employees



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The era of globalization has hit many aspects of human life. Information and communication technologies have stimulated a change of relations between nations that can no longer be limited by the boundaries of a State. Globalization has emerged as a new phenomenon that has been generated by the progress of time. In the economic sector that carries a big enough impact to industries in Indonesia in trade, manufacturing, or services. Such conditions require an organization or company to always perform a variety of innovations in order to

anticipate the intense competition. Human Resources is one of the elements that determine the success of an organization, on the other side also as beings that have mind, feelings, needs and specific expectations. It is in need of special attention because these factors will affect the achievement, dedication, loyalty, and love of work. Compensation can be formed from three factors, including, the material, social and activity. Much research has stated that the main factors of employee dissatisfaction are the compensation does not match the expectations of employees, which can lead to negative behavior of employees of companies that can be seen from the declining commitment will ultimately reduce the employee's job performance.

The Open University is a university with a Long Distance learning system. In each province, there are the Open University which became extended hand from the Pusta Open University in Jakarta called Unit Program Belajar Jarak Jauh Universitas Terbuka

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wilayah Banjarmasin (UPBJJ UT Banjarmasin). advanced technology will greatly help to achieve good teaching and learning systems between tutor and Its students, because all the learning system using the Internet, in addition to face to face which is usually done in the learning process. Remuneration was given to employees of the Open University and freedom of taking annual leave entitlements to be decided by the Rector of the Open University can make employees more active in the works. It can be seen from the employee's delay rate were very minimal. in addition to the factors above factors career paths for employees also need to be considered for every human being who works certainly crave their improvement and advancement in their careers. Given a chance to advance provided to employees will provide motivation, encouragement to strive for improvement in their careers. The purpose of this study was to determine and analyze the effect of compensation, organizational commitment, career on employee performance at UT UPBJJ Banjarmasin, and to identify and analyze the most dominant variable in influencing Job Performance. Benefits to be derived from this study are expected to provide contributions to the field of Management at the Open University Banjarmasin area.

## **BASIS THEORY**

### **Compensation theory**

Compensation is divided into financial compensation and compensation Nonfinancial (Mondy and Noe, 1993). Financial compensation consists of direct financial compensation and indirect financial compensation. Direct financial compensation consists of salaries, wages, bonuses, and commissions and indirect compensation is also called the allowance which covers all the financial rewards are not covered in direct compensation. NonFinancial compensation consists of satisfaction received from his job as responsibilities, opportunities for recognition, their chances of promotion, and the psychological and physical environment in which the person is located. Michael and Harold (1994), divide the compensation into three forms. The first is the Compensation Materials, here not only in the form of money. Such as salaries, bonuses, and commissions, but all forms of physical boosters such

as parking facilities, telephone, comfortable office space, and various forms of benefits such as pensions and health insurance. The second is the social compensation, inextricably linked with the need to interact with others. The third is the Compensation Activity, which is compensation to compensate the aspects of the job he did not like to give an opportunity to perform certain activities. Compensation forms of activity are the power of an employee to perform certain activities beyond routine jobs that do not arise boredom of work, the delegation of authority or responsibility, do not participate in decision making, and did not develop his personality.

### **Satisfaction of Compensation**

Compensation is not the only factors that influence employee satisfaction, but it is believed that the compensation is one of the determining factors in the cause of employee satisfaction will certainly motivate employees to improve their work productivity. Compensation may contribute to improving work performance and employee satisfaction if compensation is felt decent with the capabilities and productivity of work, related to job performance and adjust to individual needs. These conditions will minimize dissatisfaction among employees, reducing the delay of work, in order to improve the career advancement within the company and increasing organizational commitment. If the employee feels that his efforts are not appreciated, then the employee will be below the achievement capabilities. (Robbins, 1993:647). There are several causes of employee satisfaction and dissatisfaction over the compensation they received. The first is the individual satisfaction of the compensation relating to the expectations and the reality of the system of compensation. The second is the satisfaction and dissatisfaction of employees to compensation that it caused because employees compared with other employees. The third is that employees often have misperceptions towards the compensation system applied in the company. This happens because the company does not disseminate accurate information about compensation and do not understand about this type of compensation satisfaction. The fourth is the satisfaction and dissatisfaction with compensation also depends on the variation of the compensation itself.

## Theory of Organizational Commitment

The concept of employee commitment to the organization (can be called with a job commitment), which got the attention of managers and organizational behavior expert evolved from initial studies about service employee loyalty is expected of every employee. According to streers and Porter (1983), a form Work commitments have appeared not only a passive loyalty but also involves active relationships with the organization of work that have the purpose of providing all efforts for the successful organization of work is concerned. Factors Work Commitment can be seen from a study by David (1994), which divides the factors into four characteristics of work commitments. The characteristics are Personal Factors, Job Characteristics, Structural Characteristics, and Work Experience.

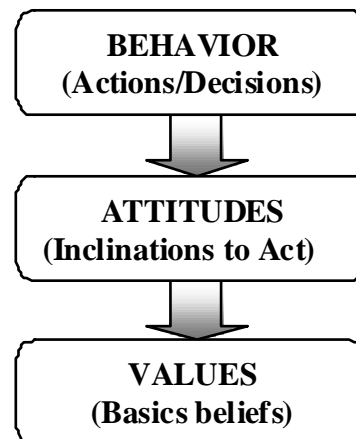
## Dimensions of Organizational Commitment

Organizational commitment is formed from multiple dimensions over those aspects in accordance with the restrictions given by each of the experts used to measure organizational commitment. There are three dimensions of a bond form to the organization. The first is the involvement of Moral (moral involvement), which is a positive and strong orientation toward the organization because there is the internalization of the goals, values, norms of the organization, and the identification of the authorities. The second is the involvement of calculative (Calculate Involvement), which is the individual's desire to remain in an organization because they settle mutual interest. The third is the involvement of Alienative (Alienative Involvement), which is a negative orientation towards the organization, especially in situations where individuals feel compelled to behave in certain ways.

## Loyalty and Commitment

Organizational commitment can be defined as the relative strength of individual identification of the organization, which can be seen by three factors. The first is a strong belief and acceptance of the purpose and values of the organization. The second is the willingness to pursue the interests of the organization. The third is a strong desire to retain a member of the organization. From the above explanation seems that

organizational commitment is not just loyalty to the organization, but an ongoing process for employees to express their concern for the organization and a high performance. Organizational commitment as employee attitudes will determine its behavior as a manifestation of an attitude. The relationship between values, attitudes, and behaviors. It can be seen in Figure 1 below.



**Figure 1. The Relationship between Values, Attitudes, and Behaviors**

Resource: Keith Davis, William Fredick, 1984

## Theory of Career

A career can be known as a person's work history or a series of positions he held during working life. Companies that provide a satisfactory opportunity to advance in careers can encourage an employee to work better to achieve the hope of getting a chance to be promoted (Handoko, 1991). Career is a general direction that is chosen by the individual to pursue his entire working life. (Mondy and Noe, 1996). Career has three different career sense. The first is a Career as a series of promotion or transfer to a higher position in the hierarchy levels experienced by workers during their working lives. The second is a Career as a manual job that has a picture or a pattern of clear and systematic development. The third is a career as a history of one's position, a series of job or a position once held by a person during his working life.

## Employee Achievement

Job performance can be defined as the management of employee behavior, which is involved in

employee performance in response to the condition of the existing resources towards his work. In the harsh conditions of work, rules will cause dissatisfaction that could affect his performance.

### Effect of Compensation, Organizational Commitment and Career Path to Job Performance

The leaders of the organization/company are very aware of the difference between the work performances of other employees under his supervision. Although the employees work in the same place but their productivity is not the same. The performance difference is due to the Individual Factors and Employment Situation. Compensation or availability (career path) can improve employee performance. There are three sets of variables that affect Work Behavior or performance. The first is composed of Variable Individual Abilities and Skills (mental and physical), background (family, social level, payroll), and demographic (age, origin, gender). The variable Organizational second is composed of resources, leadership, rewards, structure, and design work. The third is Psychological Variable consisting of perception, attitude, personality, learning, and motivation. Any person doing any job or an act that has a specific purpose and destination. Similarly, the employees who work at a company. Employees who work in general would expect tangible achievements such as wages and salaries. Although there are some people who work solely to expect remuneration in the form of wages, but this is not always true, especially for employees who work with the intention to make ends meet with the family. If the remuneration is not in accordance with the performance that has been sacrificed, then the result of each employee will work with arbitrarily, not excited or in other words there is no passion for working harder and if this is allowed then it will take care of all things that are negative and lead losses for the company.

Stress, et al. (1977), expressly said that the commitment effect on work performance, but in a situation of employee relations and organization is so complex, some aspects of job performance can be met through the manifestation of commitment to the organization. High level of commitment to encouraging the desire of workers to keep working on the current

organization and continuously contribute to the achievement of objectives in accordance conviction of a employee. From the above and based on the theories that have been put forward, it can be concluded that the size of the compensation given by the company, the emergence of commitment to the company and the career opportunities that exist in the company in general, especially at the Open University UPBJJ Banjarmasin have a positive effect on efforts to improve work performance.

### CONCEPTUAL FRAMEWORK

The model of research describes the Influence of variables on the Granting compensation, organizational commitment, and career path on the performance of the original concept of this study that can be seen in Figure 2.

### RESEARCH METHODS

#### Research Design and Data Analysis

This study is a mix between a fan explanatory descriptive studies. That highlights the influence between variables research and testing hypotheses that have been formulated previously. Data collected in the analysis using the technique of linear multiple regression analysis through SPSS. The function describes the relationship three independent variables (X) and variable (Y).  $a$  is a constant  $b_1$ ,  $b_2$  and  $b_3$  are the correlation coefficient Y is Job Performance,  $X_1$  is compensation,  $X_2$  is the Organizational Commitment,  $X_3$  is the Career path, and  $e$  is another factor that affects. The full effect is described as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

The influence of independent variables on the dependent variable simultaneously and partially using a statistical test F test and t test with a confidence level of 95%, Classical Assumption Test with a Multicollinearity test, autocorrelation test, and test heteroscedasticity.

### RESULTS AND DISCUSSION

The descriptive statistical analysis that is intended for distribution frequency based on the questionnaire that was distributed to the respondents, through this

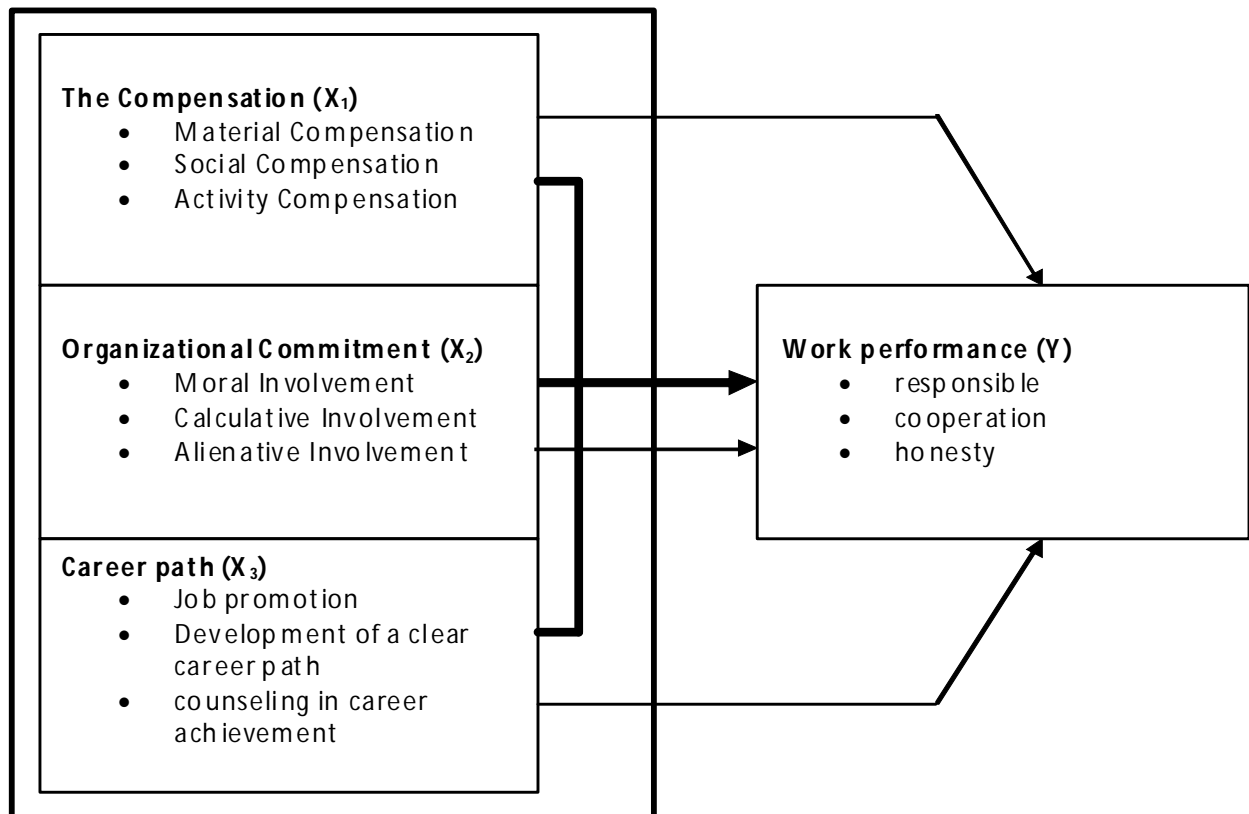


Figure 2. Conceptual Framework

analysis to obtain information on variable compensation, Organizational Commitment and career path that affect the employee performance at the Open University UPBJJ Banjarmasin. Through data analysis SPSS obtained by the following equation:

$$Y = 35.62 + 0.35X_1 + 0.077X_2 + 0.203X_3 + e$$

The function describes the relationship between the three independent variables (X) and variable (Y).

### Classic assumption test

#### Multicollinearity test

Multicollinearity test aims to test a regression model to find the correlation between independent variables relationship. Symptoms of the presence or absence of multicollinearity can be seen from the total tolerance and Variance Inflation (VIF) with values above 0.10 and with VIF value of less than 10 (Ghozali, 2005). From these calculations showed that the regression model there is no symptoms multicollinearity because VIF value above 0.10 and VIF is less than 10, it means that the proposed model is free

from one of the irregularities by the regression model assumptions multicollinearity.

#### Autocorrelation test

Autocorrelation test aims to determine the presence or absence of symptoms of autocorrelation in the regression model. The calculations that the regression model studied apart from the problem of autocorrelation. Because Dubin Watson in regression models amounting to 1.134 this value comes in figure D-W boundary between -2 to +2.

### Linear Regression Analysis and Multiple Regression

In the calculation of multiple regression coefficients (R) is 0.442. This suggests a strong relationship between the variables compensation, organizational commitment, and career path on job performance at the Open University UPBJJ Banjarmasin. As the table below:

Table 1. Summary of Regression Model

R	R Square	Adjusted R Square	Std. Error Of The Estimate
0.701	0.491	0,442	2.138

Source: Data processed

Based on the table above shows the amount of R Square (R<sup>2</sup>) or the coefficient of determination is equal to 0.442 or 44.2%. This means that the influence of Variable Compensation, Organizational Commitment, and career path on work performance amounting to 44.2% while the rest is 55.8%, explained by other variables outside the model equations that are not described as communication between leadership and employee motivation. Based on the test results of data analysis, it can be seen that all of the variables showed a significant relationship. Therefore we can conclude all the research hypothesis proved to be correct. Proved that the variable remuneration, organizational commitment, the career path positive effect on work performance and based on the results processed most dominant factor is Compensation.

## CONCLUSION AND SUGGESTION

### CONCLUSION

Based on the results of the study indicate that there is a significant effect on the provision of compensation, career path, and organizational commitment to job performance either partially or simultaneously. According to the research found that the variable compensation has the most dominant influence on employee performance at the Open University UPBJJ Banjarmasin compared to other variables.

### SUGGESTION

Referring to the conclusions and results of the research, there are several things that need attention by some parties related to the research results. The first is the Open University UPBJJ Banjarmasin, in general, should improve employee performance with paying attention to Compensating factors, Organizational Commitment, and Career path. The second is

the Open University UPBJJ members Banjarmasin need more attention to compensation, so it can work to get all the employees could feel the provision of adequate compensation, both financial and non-financial. The third is the Open University UPBJJ Banjarmasin need to think about and seek compensation in the form of a tour for employees to establish togetherness, morale, and loyalty that can improve employee performance, especially the Open University UPBJJ Banjarmasin.

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