

Research Article

Riwike Sinaga^{1*}, Mesra B²

The Influence of Compensation and Work Quality on Employee Performance with Organizational Commitment as A Variable Intervening in BPJS Employment Karo Kabanjahe

*Corresponding Author: **Riwike Sinaga**: Universitas Pembangunan Panca Budi, Indonesia; riwikesinaga@gmail.com
Mesra B: Universitas Pembangunan Panca Budi, Indonesia; mesrab@dosen.pancabudi.ac.id

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Abstract: *This research aims to see the effect of compensation and work quality on employee performance both directly and through organizational commitment at the BPJS Employment Karo Kabanjahe office. This type of research is associative quantitative. The number in this study was 130 employees and the sample taken was 98 employees. Data collection was carried out by distributing questionnaires and the research source was primary data. This research model uses path analysis and the measuring tool for this research uses SEM PLS version 3. The results of this research are that compensation has a positive but not significant effect on employee performance, compensation has a positive and significant effect on organizational commitment, work quality has a positive and significant effect on employee performance.*

Keywords: *compensation, work quality, organizational commitment, employee performance*

Introduction

Providing compensation is very important for employees and company owners, this is because the compensation provided by the company for an employee is a source of income to meet their needs. On the other hand, through compensation policies companies will obtain or obtain maximum benefits from the use of the human resources they have. For companies, compensation is the main factor in the established personnel system. Work quality is a result that can be measured by the effectiveness and efficiency of work carried out by human resources or other resources in achieving the company's goals or objectives well and efficiently. This is what causes one company to compete with another in terms of improving quality, whether it is improving the quality of human resources or product quality. Increasing human resources is an activity carried out together with employees and managers with the aim of seeking added value so that the company can face competitive challenges.

Organizational commitment is an interesting phenomenon because of the importance of a person's commitment to the company where the individual works or the organization, therefore many researchers want to research organizational commitment. According to Sianipar and Haryani (2014) organizational commitment is the attitude and feelings that each individual has towards their organization. This attitude can be seen from each individual's decision to continue or not continue their membership in the organization, and can make the best contribution to the progress of the company where they are. work wholeheartedly. Organizational commitment is a feeling of trust in the values contained in an organization, the involvement of individuals in the interests of their organization with full effort, and loyalty to the organization (wanting to be a permanent member of the organization) which is a statement from an employee to his organization. High organizational commitment from employees will encourage employees to be responsible and provide more energy to support the success and welfare of the company where they work (Dewi, 2015).

Employee performance can be achieved if every element in the organization is well integrated and able to carry out its role. An employee's performance for a company can influence the achievements of the

company itself. In achieving targets, companies usually have strategies that have been planned from the start, and one of them is human resources. Human resources who have good ability, activeness and innovation can have a good impact on the company in accordance with expectations. In managing human resources, management is needed, which will later be useful to make it easier for the company to coordinate each individual, motivate and provide direction about the importance of the role of human resources for the company.

Literature Review

Compensation

In essence, providing compensation is one of the steps in improving employee performance. By providing correct compensation, employees will be more satisfied and motivated to achieve targets. Compensation is very important for employees, because the amount of compensation given will reflect the value for them, their families and society. According to Edison, Anwar, & Komariyah (2016) stated that compensation is something that employees receive for the services they contribute to their work. They contribute what they think is valuable, both their energy and their knowledge.

Compensation Indicator

Compensation has measurements in its provision. Indicators for providing compensation by organizations to employees certainly vary. According to Edison, Anwar, & Komariyah (2016), compensation indicators are divided into two, namely:

1. Normative compensation Normative compensation is the minimum compensation that must be received, which consists of salary or wages and fixed benefits such as health benefits and holiday or religious benefits.
2. Policy compensation Policy compensation is compensation that is based on special policies and considerations, such as
 - a. professional allowance,
 - b. Meal allowances,
 - c. transport allowance,
 - d. Bonus,
 - e. leave pay,
 - f. Production services, and
 - g. Holiday.

Work quality

According to Hasibuan (2013) work quality is the activities carried out by employees that meet various requirements, specifications and expectations. Meanwhile, according to Marcana in Rao (2013), work quality is a form of behavior or activities carried out in accordance with expectations and needs or goals that are achieved effectively and efficiently. Work quality is a result that can be measured by the effectiveness and efficiency of work carried out by human resources or other resources in achieving the company's goals or objectives well and efficiently.

Work Quality Indicators

Indicators of work quality according to Hasibuan (2013) include:

1. Self-potential. It is the ability, strength, both unrealized and realized, that a person has.

2. An employee must have optimal work results, able to provide the best work results, one of which can be seen from his productivity.
3. Work process is the most important stage where employees always carry out their duties and roles in an organization. Through this work process, employee performance can be seen from the ability to make work plans and evaluate work actions.

Organizational Commitment

According to Allen and Meyer (2013) stated that organizational commitment is a psychological construct which is a characteristic of the relationship between organizational members and their organization and has implications for the individual's decision to continue their membership in the organization. Organizational commitment is a condition where employees are very interested in the goals, values and targets of their organization. Robbins (2015) organizational commitment is the extent to which an employee identifies with a particular organization and maintains his or her membership in the organization.

Organizational Commitment Indicators

According to Allen and Meyer (2013) there are 3 organizational dimensions, namely:

1. Affective Commitment Affective commitment is an emotional attachment to the organization and belief in the organization's values.
 - a. Desire to have a career in an organization.
 - b. Sense of trust in the organization
 - c. Devotion to the organization
2. Continuance Commitment A high level of continuity commitment will remain in the organization, not for emotional reasons, but because the individual is aware of the losses they will experience if they leave the organization.
 - a. Employee love for the organization
 - b. The desire to stay with his job
 - c. Willing to sacrifice personal interests
 - d. Employee attachment to work
 - e. Uncomfortable leaving your current job
3. Normative Commitment Normative commitment is a necessity to remain a member of an organization for moral or ethical reasons.
 - a. Loyalty to the organization
 - b. Happiness at work

Employee performance

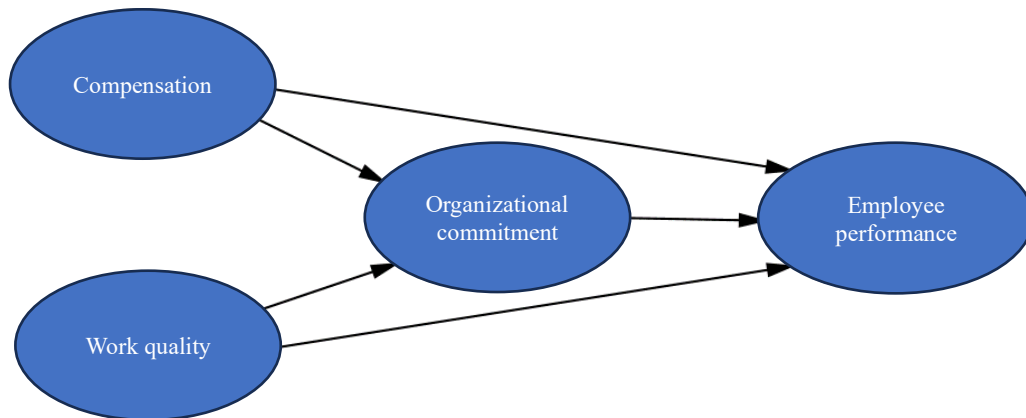
Performance is defined as what employees do or do not do. Employee performance is what influences how much they contribute to the organization. According to Afandi (2018) Performance is the work result that can be achieved by a person or group of people in a company in accordance with their respective authority and responsibilities in an effort to achieve organizational goals illegally, does not violate the law and does not conflict with morals and ethics. Fahmi (2018) said "Performance is the result obtained by an organization, whether the organization is profit oriented or non-profit oriented, which is produced over a period of time.

Employee Performance Indicators

According to Afandi (2018) employee performance indicators are as follows:

1. Quantity of work output
2. Quality of work results
3. Efficiency in carrying out tasks
4. Work discipline complies with applicable laws and regulations.
5. Initiative
6. Accuracy of the level of suitability of the results
7. Leadership
8. Honesty
9. Creativity

Conceptual Framework and Hypothesis



Research Hypothesis

- 1) Compensation has a positive and significant effect on employee performance.
- 2) Compensation has a positive and significant effect on organizational commitment.
- 3) Work quality has a positive and significant effect on employee performance.
- 4) Work quality has a positive and significant effect on organizational commitment.
- 5) Organizational commitment has a positive and significant effect on employee performance.
- 6) Compensation has a positive and significant effect on employee performance through organizational commitment.
- 7) Work quality has a positive and significant effect on employee performance through organizational commitment.

Method

This type of research is quantitative with an explanatory approach or what is known as explanatory research. The research time was carried out over a period of 3 months. The sample in this research was 98 employees at BPJS Employment Karo Kabanjahe. Data collection in research was carried out through questionnaires. Data analysis in this research uses Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.3.3 software

Results and Discussion

Outer Model Analysis

Validity test

Validity testing is carried out on each question item available for each variable (indicator). Outer loading is one of the concepts used in path analysis using the PLS (Partial Least Squares) method in statistical research using SmartPLS. This concept is used to measure the strength of the relationship between measurement variables (indicators) and latent variables (constructs). Data from Loading Factor can be seen in Table.1 below.

Table 1. Outer Loadings

	Employee performance	Organizational Commitment	Compensation	Work quality
X1.1			0.920	
X1.2			0.886	
X1.3			0.892	
X1.4			0.797	
X1.5			0.764	
X1.6			0.830	
X1.7			0.876	
X1.8			0.864	
X2.1				0.878
X2.2				0.875
X2.3				0.792
Y.1	0.813			
Y.2	0.784			
Y.3	0.787			
Y.4	0.905			
Y.5	0.878			
Y.6	0.819			
Y.7	0.878			
Y.8	0.816			
Y.9	0.863			
Z.1		0.829		
Z.10		0.936		
Z.2		0.936		
Z.3		0.928		
Z.4		0.923		
Z.5		0.711		
Z.6		0.766		
Z.7		0.787		
Z.8		0.734		
Z.9		0.938		

Source: Smart PLS 3.3.3

In Table 1 above, the value of each variable states that the indicator in each variable is higher than 0.7, which means that each indicator item has a value higher than 0.7 so that the data is declared valid and can continue with further research.

Reliability Test

In composite reliability research to look at each variable with its reliability value and if the variable value is greater than 0.60 then the research is considered reliable and if it is below 0.60 then it is not reliable. There are several blocks to determine whether the research is reliable or not and valid or not, including is the Cronbach alpha value, composite reliability and AVE value can be seen in the table below.

Table 2. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee performance	0.947	0.949	0.955	0.704
Organizational Commitment	0.957	0.964	0.964	0.728
Compensation	0.947	0.947	0.956	0.731
Work quality	0.806	0.812	0.886	0.721

Source: Smart PLS 3.3.3

In table 2 above, it can be seen in the composite reliability column that each value of the employee performance variable is 0.955, organizational commitment 0.964, compensation 0.956 and work quality 0.886. This indicates that the value of each variable meets reliability because it is in the value category above 0.6. Furthermore, in the Cronbach alpha column there is a value for each variable greater than 0.7, which means it is a reliable indicator and very high reliability data category, namely employee performance 0.947, organizational commitment 0.957, compensation 0.947 and work quality 0.806. Meanwhile, in the AVE column, namely the average Extracted Variance, each variable gets a value greater than 0.7, which means the data is valid in AVE terms. All variables from the Cronbach alpha column, reliability column and AVE column have values greater than 0,

Inner Model Analysis

Evaluation of the structural model (inner model) is carried out to ensure that the basic model created is strong and correct. The examination stages carried out in the primary model assessment are seen in the following coefficient of determination (R²).

Table 3. R Square Results

	R Square	R Square Adjusted
Employee performance	0.943	0.941
Organizational Commitment	0.897	0.895

Source: Smart PLS 3.3.3

Based on table 3 above, there is an R square value for Employee Performance of 0.943, so the Determination Coefficient is obtained by multiplying it by 100%, so the value is 94.3%, meaning that

Employee Performance is 94.3% influenced by Compensation, Work Quality and organizational commitment while the remainder is 5.7%. The other % is influenced by other variables outside the research model. The R square value for the Organizational Commitment variable is 0.897, so the Determination Coefficient is obtained by multiplying it by 100%, so the value is 89.7%, meaning that Organizational Commitment is 89.7% influenced by the Compensation and Work Quality variables while the remaining 11.3% is in the other variables mentioned, outside the research model.

Hypothesis test

Hypothesis testing can be done by looking at T-Statistics and P-Values. If the t statistic value is > 1.96 and the P-value < 0.05 then the hypothesis is accepted. Hypothesis testing can be done either directly or indirectly. The following are the t statistic values and p-values for each variable in table 4 below.

Table 4. Path Coefficients (Direct Influence)

	Original Sample	T Statistics	P Values
Organizational Commitment -> Employee Performance	0.499	5,071	0,000
Compensation -> Employee Performance	0.038	1,024	0.306
Compensation -> Organizational Commitment	0.149	3,223	0.001
Work Quality -> Employee Performance	0.458	5,350	0,000
Quality of Work -> Organizational Commitment	0.836	20,681	0,000

Source: Smart PLS 3.3.3

Based on the table above, the hypothesis value can be directly explained by the researcher as follows:

1. Organizational commitment has a positive and significant effect on employee performance with a t statistical value of 5.071 which is greater than 1.96 and a P value of 0.000 which is smaller than 0.05, meaning that if organizational commitment increases, employee performance will also increase and vice versa.
2. Compensation has a positive but not significant effect on employee performance as indicated by a t statistic value of 1.024 which is smaller than 1.96 and a P value of 0.306 which is greater than 0.05. This means that increasing compensation will not have a real effect on employee performance.
3. Compensation has a positive and significant effect on organizational commitment with a t statistical value of 3.223 which is greater than 1.96 and a P value of 0.001 which is smaller than 0.05, meaning that if compensation increases then organizational commitment will also increase and vice versa.
4. Work quality has a positive and significant effect on employee performance with a t statistic value of 5.350 which is greater than 1.96 and a P value of 0.000 which is smaller than 0.05, meaning that if work quality increases, employee performance will also increase and vice versa.
5. Work quality has a positive and significant effect on organizational commitment with a t statistic value of 20.681 which is greater than 1.96 and a P value of 0.000 which is smaller than 0.05, meaning that if work quality increases, then organizational commitment will also increase and vice versa.

Apart from direct hypothesis testing, it can also be done indirectly, which can be seen in Table 5 below.

Table 5. Path Coefficients (Indirect Influence)

	Original Sample	T Statistics	P Values
Compensation -> Organizational Commitment -> Employee Performance	0.074	3,150	0.002
Work Quality -> Organizational Commitment -> Employee Performance	0.417	4,717	0,000

Source: Smart PLS 3.3.3

Indirect hypothesis testing can be explained as follows:

1. Compensation has a positive and significant effect on employee performance through Organizational Commitment with a t statistic value of 3.150 which is greater than 1.96 and a P-value of 0.002 which is smaller than 0.05.
2. Work quality has a positive and significant effect on employee performance through Organizational Commitment with a t statistic value of 4.717 which is greater than 1.96 and a P-value of 0.000 which is smaller than 0.05.

Conclusion

Based on the research results above, there is an explanation of the hypothesis and then the author will explain the conclusions of this research:

- 1) Compensation has a positive but not significant effect on employee performance at BPJS Employment Karo Kabanjahe.
- 2) Compensation has a positive and significant effect on organizational commitment to BPJS Employment Karo Kabanjahe.
- 3) Work quality has a positive and significant effect on employee performance at BPJS Employment Karo Kabanjahe.
- 4) Work quality has a positive and significant effect on organizational commitment to BPJS Employment Karo Kabanjahe.
- 5) Organizational commitment has a positive and significant effect on employee performance at BPJS Employment Karo Kabanjahe.
- 6) Compensation has a positive and significant effect on employee performance through organizational commitment to BPJS Employment Karo Kabanjahe.
- 7) Work quality has a positive and significant effect on employee performance through organizational commitment to BPJS Employment Karo Kabanjahe.

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