

THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, WORK ETHIC, AND COMPENSATION ON EMPLOYEE PERFORMANCE

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Abstract

Employee performance is the most important thing that must be achieved immediately by a company because by having good employee performance, all the company's visions and targets can be achieved easily. There are a number of factors that can influence employee performance. However, what researchers believe can influence significantly are the variables Organizational Commitment and Work Ethics as internal factors and Compensation as an external factor. This research is quantitative research with an explanatory approach using primary data and questionnaire methods in data collection. The collected data was analyzed with smart PLS 3.0 software. The research results show that the Organizational Commitment variable, Work Ethics variable, and Compensation variable, each variable has a positive relationship and a significant influence on the Employee Performance variable because the P-Values value is below the level of significance and leads to positive direction

Keywords: Organizational Commitment, Work Ethic, Compensation, Employee Performance

1. INTRODUCTION

Human resources are an important factor in an organization. Every organization will also always improve the quality of its resources so that their performance is satisfactory. Improving quality is also an effort to make employees more motivated and clear about the goals they want to achieve. The issue of employee performance is an issue that needs to be paid attention to by the organization, because employee performance will affect the quality and quantity of the organization in facing competition as time goes by. Therefore, having quality human resources is very necessary so that organizational goals can be achieved and can improve employee performance in an organization. If human resources are highly motivated, creative and able to develop innovation, their performance will be better (Andre & Hermanto, 2021).

In achieving the ultimate goal of a company, apart from good management, employees also contribute through their performance. Performance is the real behavior displayed by each person as a work achievement produced by employees in accordance with their role. corporate nature (Yani, 2012). Without employee performance, a company cannot run smoothly, let alone achieve its ultimate goals. (Sitinjak, 2021) argue that employee performance is the ability to achieve job requirements, where a work target can be completed at the right time or not exceed the time limit provided so that the goal will be in accordance with the company's morals and ethics. Employee performance that is managed well can meet standards and company targets, thereby bringing maximum profits. Therefore, the company maintains employee performance wherever possible.

There are a number of effective ways that can significantly influence employee performance, namely Organizational Commitment and Work Ethics as internal factors that grow within employees and Compensation which is an external factor given by the company for the achievements given by employees to the company.

According to Luthans (Luthans, 2009), organizational commitment is: 1). “A strong desire to belong to a group. 2). High business will for the organization. 3). A certain belief and acceptance of the values and goals of the organization. According to Greenberg and Baron (2005), organizational commitment is "an employee's willingness to side with a particular organization and its goals and the intention to maintain membership in that organization". Then obey. (Griffin, 2010) says "an individual who has high commitment is likely to see himself as a true member of the organization, and to see himself as a long-term member of the organization. In contrast, an individual who has low commitment is more likely to see themselves as an outsider, and they do not want to see themselves as long-term members of the organization.” According to (Robbins, 2018), organizational commitment is "the degree to which an employee supports a particular organization and its goals, and intends to maintain membership in that organization.

Organizational commitment is an attitude of employee loyalty towards the organization, by remaining in the organization, helping to achieve organizational goals and not having the desire to leave the organization for any reason (Yusuf, 2018). A similar opinion was also expressed by (Utaminingsih, 2014), who stated that organizational commitment is the desire of organizational members to maintain their membership in the organization and are willing to make high efforts to achieve organizational goals.

There are a number of studies that show (Arestia, 2022); (Andre & Hermanto, 2021); (Riris Anggun, 2020); (Mahardika & Wibawa, 2019)& (Iskandar & Liana, 2021) which shows that the Organizational Commitment variable has a positive relationship and has a significant influence on the Employee Performance variable. Apart from Organizational Commitment, Work Ethics is also an internal factor that can also influence employee performance.

Ethics is a set of values about good, right, bad and wrong based on the principles of morality, especially in behavior and actions. One of the factors that creates better human living conditions is ethics. Ethics is a reference by an individual or company as a guideline in carrying out its business activities, so that the activities they carry out do not harm other individuals or institutions. The work ethics system is different from micro economics which emphasizes the efficiency of emphasizing resources to satisfy needs and trying to maximize profits by ignoring the need to consider ethical issues. Meanwhile, in Islamic business ethics, maximizing profits is not the highest goal or the only ethical principle of working in Islam (Johan Arifin, 2007).

According to (Rudito, 2007), work ethics is a reference used by an individual or company as a guide in carrying out their business activities, so that the activities they carry out do not harm other individuals or institutions. According to (Rafik Issa Beekum, 2004) work ethics are attitudes, views, habits, characteristics or characteristics regarding the way of working that a person, a group or a nation has. Based on this explanation, it can be concluded that the definition of work ethics is a system of values or norms that are used as guidelines, views and habits by all company employees, including leaders in daily implementation. According to (Hadiansyah & Yanwar, 2017), aspects of work ethics are divided into five parts, namely attitudes and behavior, appearance, how to dress, how to speak, and gestures towards employees.

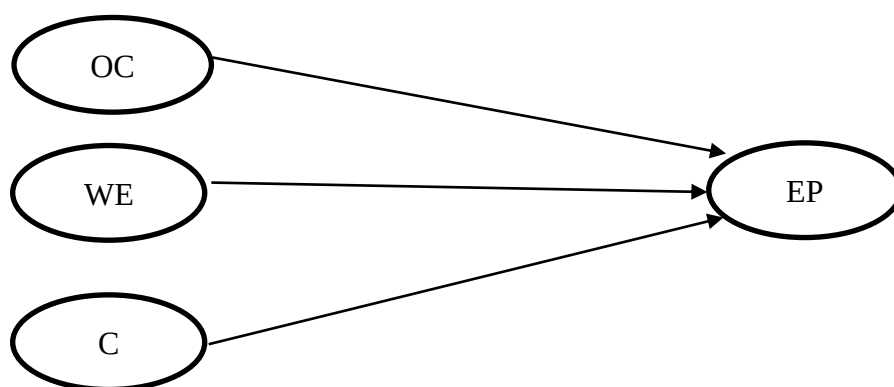
There are a number of studies that show (Prameswari, 2020); (Dewi & Suhardi, 2021); (Rum et al., 2019); (Insyani, 2019) & (Nurhasanah et al., 2022) show that the Work Ethics variable has a positive relationship and has a significant influence on the Employee Performance variable. As a differentiator from previous studies, researchers believe that employee performance is not only influenced by internal factors within the employee. But it is

also influenced by external factors that the company can provide to its employees so that employees can maximize their potential, sacrifice their whole body and soul, and devote themselves to the company in order to achieve maximum performance. This research was conducted at KCP Bank Mandiri Surabaya by distributing questionnaires to 250 employees who had worked for at least 2 years.

2. RESEARCH METHOD

Employee performance is something that must be fulfilled so that all company visions can be achieved and employees become more prosperous and prosperous (Jonathan Sarwono, 2016). There are a number of factors that influence employee performance, namely internal factors: Organizational Commitment and Work Ethics. As well as compensation as an external factor used in this research (Sugiyono, 2019). This research is quantitative research with an exploratory approach which creates elements of novelty and research gaps with previous research. The data used in this research is primary data using a questionnaire on employees of 250 all Bank Mandiri branches in Surabaya with the minimum criteria of having worked for 2 years. The data used was analyzed with smart PLS 3.0 software (Supriyanto, 2013).

Figure 1
Model



Noted:

OC: Organizational Commitment

WE: Work Ethic

C: Compensation

EP: Employee Performance

Hypothesis:

1. The Influence of Organizational Commitment on Employee Performance
2. The Influence of Work Ethic on Employee Performance
3. The Influence of Compensation on Employee Performance

3. RESULTS AND DISCUSSION

3.1 Result

Validity Test

When using primary data in PLS 3.0 software, the data used must be validated first, especially regarding the question items used in this research. In this study, primary data was used using a questionnaire method containing 28 question items consisting of 8 question items for the Organizational Commitment variable, 8 question items for the Work Ethics variable, 8 question items for the Compensation variable, and 6 question items for the Employee

Performance variable. These question items must be above the Loading Factor significance level of 0.70. The following are the results of the validity test for each question item used in this research(Ghozali, 2016):

Table 1
Validity Test

Variable	Question Item	Loading Factor
Organizational Commitment (X1)	Organizational commitment determines the success or failure of employees in achieving the company's vision	0.825
	Commitment to the organization makes employees more loyal to the company	0.859
	Organizational commitment makes employees more serious in carrying out their tasks	0.867
	Organizational commitment makes employees more enthusiastic so they can become an example for other employees	0.875
	Employees who have high commitment can be an example for other employees	0.841
	Organizational commitment can make employees have the sincerity to complete	0.819
	Organizational commitment can ultimately influence employee performance	0.861
	Organizational commitment can improve company performance	0.872
Work Ethic	Employee ethics is the thing that is most often highlighted by other employees	0.836
	Employee ethics is the thing that is most often highlighted by superiors	0.849

(X2)	Employee ethics is the thing most frequently highlighted by consumers	0.859
	Employee ethics is the thing most often highlighted by competitors	0.855
	Good employee ethics can make superiors behave well	0.878
	Good employee ethics can make other employees behave well	0.865
	Employee ethics can influence employee performance	0.849
	Employee ethics can improve company performance	0.839
Compensation (X3)	Compensation can increase employee enthusiasm at work	0.840
	Compensation can increase employee satisfaction at work	0.871
	Compensation can increase employee loyalty to the company	0.857
	Compensation can increase employee enthusiasm to complete their tasks well	0.844
	Compensation can improve employee performance	0.849
	Compensation can increase employee seriousness in completing work	0.875
Employee Performance (Y)	Employee performance can be influenced by employee Organizational Commitment	0.845
	Employee performance can be influenced by good work ethics	0.878
	Employee performance can be influenced by the employee's seriousness in working	0.865

	Employee performance can be influenced by loyalty	0.859
	Employee performance can be influenced by employee job satisfaction	0.863
	Compensation can also affect employee performance	0.872

Valid : > 0.70

Reliability Test

Based on the results of table 1 above, it shows that the 32 question items consist of 8 question items for the Organizational Commitment variable, 8 question items for the Work Ethics variable, 8 question items for the Compensation variable, and 6 question items for the Employee Performance variable, the factor loading value is above 0.70. This means that the variable is valid and can be continued in the reliability test for each variable with the following results (Sarstedt et al., 2014):

Table 2
Reliability Test

Variable	Cronbach Alfa	Composite Reliability	Noted
Organizational Performance	0.825	0.865	Reliable
Work Ethic	0.831	0.871	Reliable
Compensation	0.829	0.870	Reliable
Employee Performance	0.828	0.869	Reliable

Reliable: > 0.70

3.2 Discussion

Path Coefisien

Based on the results of tables 1 and 2 shown in this research, the 32 question items in this research consist of 8 question items for the Organizational Performance variable, 8 items for the Work Ethics variable, 8 question items for the Compensation variable, and 6 question items for the Employee Performance variable. factor is above 0.70 and all variables are declared reliable because the Composite Reliability and Cronbach Alpha values are above 0.70. So the final stage is the Path Coefficient which is used is the path coefficient which aims to determine the direction of the relationship and whether it has a significant effect or not with the following result (Ghozali, 2016):

Table 3
Path Coefisien

Direct Influence	Variable	P-Values	Noted
	OP->EP	0.003	Acceptable
	WE->EP	0.002	Acceptable
	C->EP	0.004	Acceptable

Significant Level: < 0.05

H1: The Influence of Organizational Commitment on Employee Performance

Organizational commitment is one of the factors that can significantly influence employee performance because with high commitment employees will be more enthusiastic, serious, and their work ethic will be stronger. In line with the researcher's statement above, the results of table 3 of the Path Coefficient show that the Organizational Commitment variable has a positive direction and a significant influence on the Employee Performance variable because the P-Values point in a positive direction and are below the significance level of 0.05, namely 0.003. This is in line with research (Arestia, 2022); (Andre & Hermanto, 2021); (Riris Anggun, 2020); (Mahardika & Wibawa, 2019)& (Iskandar & Liana, 2021). Thus, the first hypothesis in this research can **beaccepted**.

H2: The Influence of Work Ethic on Employee Performance

Apart from Organizational Commitment, the Employee Performance variable can also be influenced by the Work Ethics variable because having a good work ethic will be liked by many people so that they can easily get help, care and attention in carrying out their tasks. This statement is in line with the results of table 3 Path Coefficient which shows that the Work Ethics variable has a positive relationship and a significant influence on the Employee Performance variable because the P-Values value is <0.05 , namely 0.002. This is in line with research (Prameswari, 2020); (Dewi & Suhardi, 2021); (Rum et al., 2019); (Insyani, 2019) & (Nurhasanah et al., 2022). Thus, the second hypothesis in this research can **beaccepted**.

H3: The Influence of Commpesation on Employee Performance

As an additional variable from previous studies and also a novelty in this research. Researchers believe that variables can have a significant influence on Employee Performance variables because by having good compensation employees will work more, primary needs are met, and can work freely without the burden of life. In line with the statement above, the results of table 3 of the Path Coefficient above show that the Compensation variable has a positive relationship and has a significant influence on the Employee Performance variable because the p-values in this study are positive and are below the 0.05 significance level, namely 0.004. These results are in line with research (Rumere, 2018); (Sasmita et al., 2013) & (Nugraha & Tjahjawati, 2018). Thus, the third hypothesis in this research can **beaccepted**.

4. CONCLUSION

Based on the results of the explanation above, it can be concluded that the Organizational Commitment variable, Work Ethics variable, and Compensation variable, each variable has a positive relationship and a significant influence on the Employee Performance variable because the P-Values value is below the level of significance and leads to positive direction. These results are in line with the researchers' allegations and the reasons referred to are also in line with the researchers' allegations conveyed in the questionnaire.

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