



Perception of Organizational Commitment: The Effect of Compensation and Social Work Environment

Masharyono Masharyono¹, S.Intan²

^{1,2} Business Education Study Program, Indonesian University of Education, Bandung, Indonesia
masharyono@upi.edu

ABSTRACT. This study aims to determine the effect of compensation and social work environment on employee organizational commitment. The research method used is quantitative. The unit of analysis is employees in Bandung West Java, Indonesia, with as many as 54 respondents. Data collection was done using an online questionnaire (google form). The results showed that compensation influences organizational commitment, whereas the social work environment influences organizational commitment. Compensation and social work environment affect organizational commitment. High organizational commitment can increase compensation and the social work environment of employees in carrying out their work.

Keywords: *Compensation, Social Work Environment, Organizational Commitment, Hotel*

1. INTRODUCTION

Quality Human Resources (HR) are essential for an organization; HR influences specific organizations. To improve quality and efficiency, high-quality economic resources are required. High-quality human resources regarding strategy and operations are critical to the company's success [2]. Reliable human resources can retain employees with organizational commitment [3]. The main goal of every organization is the commitment of employees. The goal is to retain employees and increase employee performance and productivity [4].

Human resources with high organizational commitment can achieve a level of efficiency, which is one of the characteristics of the success of an organization [5]. Organizational commitment can also be said to be where an employee sides with a particular organization and its goals and intends to maintain membership in the organization and maintain its continuity [6]. The importance of increasing organizational commitment in the company can reduce absenteeism and turnover and will increase the ability of employees to organizational change. [7]. Organizational commitment problems also occur in hotel employees in Bandung. Organizational commitment to hotel regulations is critical to individual and organizational outcomes, as the hotel's success largely depends on positive interactions between employees and customers. [8].

The benefits of organizational commitment include increased employee tenure, minimum turnover rates, low training costs, higher performance satisfaction, achievement of organizational goals, and optimal product and service quality [4]. The issue of organizational commitment is still an important issue that must be considered by every company as one of the factors that can reduce employee turnover rates, through its contribution to company activities can show a mutually beneficial relationship [9]. Porter suggests organizational commitment can represent a related but more global evaluative relationship between an employee and an organization that includes job satisfaction among its specific components [10]. The factor that influences organizational commitment is compensation. Research proposed by [11] explains that compensation has a positive effect on organizational commitment and that compensation has a significant effect on organizational commitment [12]. Some research on organizational commitment suggests that organizational commitment can be overcome by analyzing the work environment and looking at compensation factors [13] [14]. The social work environment has a direct effect on organizational commitment. If the social work environment is good, employee commitment will increase. Improving the work environment will increase employee commitment. The work environment is also an essential factor that determines the life of an organization. The work environment is the psychological environment in the organization that employees or members feel and is believed to influence employee attitudes and behaviour towards their work. [15]. Another study by [16] states that the physical environment positively affects employee commitment. In addition, this study also reveals the results of other studies, which state that the provision of inadequate equipment and poor working conditions affects employee commitment and intention to stay in the organization [16]. Based on the safety perspective, it shows that environmental conditions affect employee safety perceptions, which impact employee commitment. The social work environment is all the circumstances related to work

relationships, both with superiors and with coworkers or subordinates [17]. Based on the background, this study aims to obtain findings on whether there is an effect of compensation and social work environment on the work of hotel employees in Bandung.

2. RESEARCH METHOD

This study uses an Organizational Behavior approach that analyzes the effect of compensation and work environment on employee organizational commitment with compensation variables as variables (X1), social work environment as variables (X2) and employee organizational commitment as variables (Y).

This research was conducted on hotel employees in Bandung, with a population of 54. Research sampling using saturated sampling techniques and questionnaire research instruments through Google Forms as a data collection tool. The independent variables are compensation (X1) with dimensions 1) direct and 2) indirect compensation. Variable (X2) is the social work environment, which has dimensions: 1) working relationships with superiors and 2) working relationships with fellow employees. Variable (Y) is the organizational commitment with dimensions 1) affective commitment, 2) continuance commitment, and 3) normative commitment.

2.1. Research Types and Methods

This research is a descriptive type of research using quantitative methods. This study's data type consists of general data related to training, workability and employee performance. Two sources of data are used, namely primary data and secondary data. The data collection technique used an online questionnaire (gform).

2.2. Population and Sample

The sample in this study was 54 employees, with a simple random sampling technique.

2.3. Verification Analysis Techniques

In revealing the variables studied in a study, a reliable measuring instrument is needed; in other words, it must have validity and reliability. This is necessary so that the researcher's final results and conclusions will not be wrong and provide a picture that is not much different from the actual situation. The hypothesis used will also hit the target. The verification analysis in this study uses a statistical test lat, namely the variant-based structural equation or what can be known as PLS (Partial Least Square) with SmartPLS software.

The component or variance basis is an alternative covariance with the Partial Least Square (PLS) method as a prediction method. Variant-based Structural Equation Modeling (SEM) uses variance in the iteration process or variance block between indicators or parameters estimated in one other latent variable in one research model. The consequence of the variance-based iteration process is neglecting the multicollinearity effect between indicators and latent variables. The advantages of this method are[18]:

- 1) This method is appropriate for predictive models that aim to predict causality effect relationships at the level of latent variables.
- 2) Able to model many dependent and independent variables (complex models).
- 3) Able to manage multicollinearity problems between independent variables.
- 4) The results remain solid and (robust) even though there are abnormal and missing data (missing values).
- 5) It is stronger practically because it is more efficient in the execution process.
- 6) Able to process small sample data, strong against deviation of normality assumptions, measure reflective and formative indicators, and measure recursive models.
- 7) It does not require data to be normally distributed.
- 8) It can be used on data with different types of scales, namely nominal, ordinal and continuous.

3. RESULTS AND DISCUSSION

Validity

The instrument's validity is carried out to ensure similarity between the data collected and the data that occurs in the object under study. The type of validity used in this study is construct validity, which determines validity by correlating the scores obtained from each item in the form of questions with the total score obtained from the sum of all item scores.

Based on statistical measures, if it turns out that the scores of all items arranged according to the dimensions of the concept are correlated with the total score, it can be said that the measuring instrument has validity.

Table 1. Dimensional Validity Test Results

compensation (X1)	Direct compensation (X.1)	0.892	44,349	0,468
	Indirect compensation (X.1)	0.844	29,546	0,468
Social Work Environment (X2)	Relationship with employees (X.2)	0.955	101,060	0,468
	Relationship with superiors (X.2)	0.949	65,291	0,468
Organizational Commitment (Y)	Affective commitment (Y.1)	0.917	44,419	0,468
	Continuance commitment (Y.2)	0.895	38,604	0,468
	Normative commitment (Y.3)	0.911	35,852	0,468

Reliability

Reliability is related to the consistency, accuracy, and predictability of a measuring instrument [19]. So, it can be said that reliability is a measure to assess whether the measuring instrument used can provide a consistent measurement value. Meanwhile, it was revealed that reliability is the level of trustworthiness of the results of a measurement [20]. Measurements that have high reliability are measurements that can provide reliable measurement results. The research instrument whose reliability was tested by test and re-test was carried out by testing the instrument several times on the respondents. So, in this case, the instruments are the same, and the respondents are the same, but at different times. Reliability is measured by the correlation coefficient between the first experiment and the next. The instrument is declared reliable if the correlation coefficient is positive and significant. Testing this way is often also called stability. The formula for calculating the coefficient of Cronbach's Alpha.

Table 2. Construct Reliability Test Results

Compensation (X1)	0.856	0.888	Reliable
Social Work Environment (X2)	0.885	0.923	Reliable
Organizational Commitment (Y)	0.868	0.952	Reliable

Coefficient of Determination (R2)

They were used to determine the magnitude of the ability of endogenous variables to explain the diversity of exogenous variables. In other words, to determine the magnitude of the contribution of exogenous variables to endogenous variables. The results of R 2 can be seen in the following table.

Table 3. Coefficient of Determination Results (R2)

Organizational Commitment (Y)	0.834
--------------------------------------	-------

Table 3 shows that the R2 value of the endogenous construct of organizational commitment (Y) in the research model is in the very strong category of 0.834. This value shows that organizational commitment is explained by the constructs of compensation and social work environment by 83.4%, and other variables outside the model explain the rest.

Hypothesis 1: There is a Positive Effect of Training on Work Ability.

The test results on the parameter coefficient between compensation (X1) and organizational commitment (Y) show a positive effect of 19.6% with a t-statistic value of 2.343 and significant at $\alpha = 0.1$, it can be concluded that compensation affects organizational commitment ($2.343 > 1.674$). Thus, H1 is accepted.

Hypothesis 2: There is a Positive Effect of Work Ability on Employee Performance

The test results on the parameter coefficient between social work environment (X2) and organizational commitment (Y) show a positive influence of 75.5% with a t-statistic value of 10.088 and significant at $\alpha = 0.1$, it can be concluded that social work environment affects organizational commitment ($10.088 > 1.674$); thus H2 is accepted.

Hypothesis 3: There is a Positive Effect of Training on Employee Performance

The test results on the parameter coefficient between compensation involvement (X1), social work environment (X2) and organizational commitment (Y) show a positive influence of 83.4% with a t-statistic value of 19.552 and significant at $\alpha = 0.1$; it can be concluded that compensation and social work environment affect organizational commitment ($19.552 > 1.674$); thus H3 is accepted.

4. CONCLUSION

The research results on the effect of compensation and social work environment on organizational commitment show that compensation has a direct and positive effect on organizational commitment because the higher the compensation, the higher the organizational commitment. Then, the social work environment affects organizational commitment; this shows that the more conducive the social work environment, the higher the organizational commitment of employees. So that the company's performance will increase so that the company's goals are achieved.

BIBLIOGRAPHY

1. Evant Johanes Silaban, "Advisor : Kasmirudin Business Administration Programme-Faculty of Social and Political Sciences- University of Riau, Bina Widya Campus Jl. H. R Soebrantas KM.12,5 Simpang Baru Panam, Pekanbaru 28293," *J. Online Mhs. Fak. Ilmu Sos. dan Ilmu Polit. Univ. Riau*, vol. 5, no. 1, pp. 1–13, 2018.
2. M. Masharyono, "Analisis Kemampuan Kerja , Coaching dan Kinerja Karyawan : Studi Kasus Pada Karyawan Pt Sari Ater Hotel Dan Resort," *J. Bus. Manag. Educ.*, vol. 3, no. 3, pp. 56–66, 2018.
3. S. D. Juita, "Pengaruh Kualitas Sumber Daya Manusia, Komitmen Organisasi Dan Komunikasi Organisasi Terhadap Kinerja Satuan Kerja Perangkat Daerah (Skpd)," *J. Akunt.*, vol. 1, no. 3, pp. 1–17, 2013.
4. J. Hanaysha, "Examining the Effects of Employee Empowerment, Teamwork, and Employee Training on Organizational Commitment," *Procedia - Soc. Behav. Sci.*, vol. 229, pp. 298–306, 2016, doi: 10.1016/j.sbspro.2016.07.140.
5. S. A. Lizote, M. A. Verdinelli, and S. Do Nascimento, "Organizational commitment and job satisfaction: A study with municipal civil servants," *Rev. Adm. Pública*, vol. 51, no. 6, pp. 947–967, 2017, doi: 10.1590/0034-7612156382.
6. T. arif Handoko and S. Handayani, "Pentingnya Komitmen Organisasi Terhadap Kinerja Karyawan Pt. Teduhmakmur Semarang," *Bingkai Manaj.*, no. 20, pp. 145–157, 2017.
7. S. Su, K. Baird, and B. Blair, "Employee organizational commitment: The influence of cultural and organizational factors in the Australian manufacturing industry," *Int. J. Hum. Resour. Manag.*, vol. 20, no. 12, pp. 2494–2516, 2009, doi: 10.1080/09585190903363813.
8. J. P. Meyer and N. J. Allen, "A Three-Component Conceptualization Of Organizational Commitment," *Hum. Resour. Manag. Rev.*, vol. 1, no. 1, pp. 61–89, 1991, doi: 10.1016/1053-4822(91)90011-Z.
9. V. Tarigan and D. W. Ariani, "Nghiên cứu thực nghiệm về sự hài lòng trong công việc, cam kết với tổ chức và ý định thay đổi doanh nghiệp.pdf," vol. 5, no. 2, pp. 21–42, 2015.
10. F. J. Porter, L. W., Crampon, W. J. & Smith, "Organizational commitment and managerial turnover: A longitudinal study. Organizational behavior and human performance," *Organ. Behav. Hum. Perform.*, vol. 98, pp. 87–98, 1976.
11. G. Wiguna and I. Surya, "Pengaruh Kompensasi terhadap Komitmen Organisasional dan Turnover Intention pada Agent Pru Megas," *E-Jurnal Manaj. Univ. Udayana*, vol. 6, no. 8, p. 255366, 2017.
12. J. Jufrizen, "Peran Motivasi Kerja Dalam Memoderasi Pengaruh Kompensasi Dan Disiplin Kerja Terhadap Kinerja Karyawan," *Natl. Conf. Manag. Bus.*, pp. 405–424, 2018.
13. S. S. Putra and A. Prasetya, "The Influence of Reward, Work Place Environment, and Career Growth to Job Satisfaction and Their Impact on Organizational Commitment (Study on Employees Of Hotel Sahid Montana Dua Malang)," *J. Adm. Bisnis (JAB, 64 (1), 36–45*, 2018.
14. N. A. Susanti, "Analisa Pengaruh Stres Kerja, Lingkungan Kerja Dan Pemberian Reward Terhadap Komitmen Organisasi." STIESIA Surabaya, 2016.
15. A. Ahyari, "Manajemen Personalialia," *Jakarta Ghalian Indones.*, 1999.
16. D. McGuire and L. McLaren, "The impact of physical environment on employee commitment in call centres: The mediating role of employee well-being," *Team Perform. Manag.*, vol. 15, no. 1–2, pp. 35–48, 2009, doi: 10.1108/13527590910937702.
17. Sedarmayanti, *Tata Kerja dan Produktivitas Kerja*. Bandung: Mandar Maju, 2011.
18. W. Abdillah and Hartono, *Partial Least Square (PLS) Alternatif Structural Equation Modeling (SEM)*

dalam Penelitian Bisnis. Yogyakarta: CV. Andi Offset, 2015.

19. Sugiyono, *Statistika untuk Penelitian*. Bandung: Alfabeta, 2017.
20. Misbahudin and I. Hasan, *Analisis Data Penelitian Dengan Statistik*. Jakarta: Bumi Aksara, 2013.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

