THE EFFECT OF COMMITMENT, LEADERSHIP AND COMPENSATION ON
JOB SATISFACTION AND PERFORMANCE OF GOVERNMENT APPARATUS
IN WEST SULAWESI PROVINCE

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ABSTRACT

The apparatus performance is a fundamental problem affecting the organizational performance of West Sulawesi Province Government. Many factors affect it, both individual characteristics and organizational, especially commitment, leadership, compensation and job satisfaction. This study analyzes the effect of organizational commitment, leadership, and compensation on job satisfaction and the impact on apparatus performance. The study was conducted on 358 respondents of Government apparatus in West Sulawesi Province. The data were collected by five-point Likert scale and analyzed by Structural Equation Model (SEM). The study results found that commitment and leadership effect job satisfaction and apparatus performance. While compensation only affects job satisfaction and does not affect performance apparatus.

Keywords: organizational commitment, leadership, compensation, job satisfaction, apparatus performance

INTRODUCTION

Humans are the source and object of problem, especially in their existence and activities. Knowing the individual’s characteristics in an organizational environment are very useful for organizational actors to find out the characteristics needed in the organization behavior (Gibson et al., 2008).

Performance in organizational behavior often creates several terms, such as the results and human output. The result means the performance is something produced by individuals and/or organizations. The result is affected by organizational performance whose the components comprise of organization development, compensation plan, communication system, managerial style, organization structure, cash policies and procedures (Fischer in Robbins and Judge, 2009; Armanu Thoyib, 2005). This means that performance result is affected by organizational strategy. Human output implies that performance can be measured by productivity, presence, turnover, citizenship behavior and satisfaction (Robbins, 2008).

West Sulawesi Province Government has 3,386 apparatus spread over a number of agencies or Local Apparatus Work Unit (LAWU). The condition of apparatus performance has not been maximal. It relates to various affecting factors, both internal
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individuals (job satisfaction) and works unit environment (organizational commitment, leadership, and compensation). These four factors are expected to affect apparatus performance.

Based on the description above, the study problems are below.

a. Are commitment, leadership, and compensation directly affect job satisfaction and performance

b. Are commitment, leadership, and compensation indirectly effect on performance mediated by job satisfaction

THEORETICAL REVIEW

Gaol (2014) explained that human has different behavior in an organization. It is useful to know the characteristics of the individual and the effect on organization performance. Therefore, organizational behavior learning is used to know ways to overcome problems within an organization. In addition, organizational behavior is very useful for organizational actors to know what characteristics are needed to behave in organizations (Gibson et al., 2008). Veithzal (2011) said that external challenge of human resources were government regulations/laws, socio-cultural, geographical, demographics, global economy, and stakeholders, while the internal challenges were employees, management, customers and professional problems. In addition, leadership is one dimension of competency that crucial to performance or success of an organization. The main essence of leadership is a way to affect others in achieving organizational goals effectively. George R. Terry in Hersey and Blanchard (1986) said that leadership as an activity to affects people to try to achieve group goals voluntarily.

Performance as an organizational behavior gives birth several terms such as the result and output. The result indicates that performance is a result of individuals for the organization. Cash and Fischer in Robbins and Judge (2009) and Armanu Thoyib (2005) showed that these results are affected organizational performance whose components consist of organizational development, compensation plans, communication systems, managerial styles, organization structures, policies, and procedures. This means performance (result), is affected by organizational strategy. Furthermore, Robbins (2008) said that performance, in terms of output information, can be measured through productivity (absence), turnover, citizenship behavior or and satisfaction.

RESEARCH HYPOTHESES

Greenberg & Baron (2008), Mowday, Steers & Porter in Zeinabadi & Salehi (2011) suggested that organizational commitment affects on job satisfaction. It refers to opinion of Strasser (Khan, 2010), that some reasons to examine organizational commitment are related to several concepts, namely: attitude, affective, and cognitive. Sopiah (2008) suggested several factors effecting organizational commitment such as personal, job involvement, workplace situation (value), organizational justice, job characteristics, and organizational support, as well as position (tenure and employment level).

Previous study results suggested that leadership also effect job satisfaction. Sakiru et al. (2013) and Snjezana Kovjanic et al. (2012) said that transformational and transactional leadership styles have a positive relationship with employee job satisfaction and organization. There are at least five leadership indicators to affect job satisfaction,
namely: 1) leadership with subordinates participation in decision making or policy process (built trust and togetherness between leaders and subordinates), 2) leadership gives orders or instructions openly (instructor and motivation), 3) leadership meets the needs and expectations of subordinates well and behaves fairly (motivator and satisfaction), 4) leadership discuss or communicate openly (democratic behavior, motivator), and 5) leadership gives discipline and attention to control / supervise the subordinates behavior in workplace (leadership role in fostering and empowering the apparatus). Robbins (2008) added that many variables related to job satisfaction, especially mentality challenging.

Lum et al. in Andini (2006) identified aspects of satisfaction related to individual's desire to leave the organization, namely satisfaction with wages and promotions. Someone will be satisfied with his salary when the perception of salary and what they get is consistent. The satisfaction to compensation can differ between one organization and another. It really depends on apparatus preference to challenging work and work type. In addition, compensation has not been fully able to affect job satisfaction because there are five indicators that still should be concerned, namely salary, bonus or incentives, work facilities, awards, and assurance of certainty and justice for job promotion and career. Based on above description, the research model is shown in figure 1 and the research hypotheses are below.

H1: Commitment, leadership, and compensation directly affect on staff job satisfaction

H2: Commitment, leadership, and compensation directly affect staff performance

H3: Commitment, leadership, and compensation indirectly affect on performance mediated by job satisfaction

**METHODOLOGY**

**Data collection**

This research study uses descriptive qualitative-quantitative (Creswell, 2010). The data used is qualitative data quantitative. The primary data is collected from observations, interviews, and questionnaire. The questionnaire is measured by five-point Likert scale, starting from 1=very disagree until 5 = very agree. The secondary data is collected from literature, documents and relevant data from relevant agencies. The population is all...
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West Sulawesi Province Government apparatus, totaling 3,386 people. The 358 samples are selected by cluster and stratified sampling, and Slovin formula (Prasetyo, 2008).

Analytical technique

The data analysis technique used is Structural Equation Modelling (SEM) with Lisrel program (Ghozali, 2008) for the goodness of fit model in structural equations and confirmatory factor analyses (CFA). The critical ratio (CR) is used to examine the predictive power of observed variables at the individual level and construct level. Significant CR can be used to predict latent variables or constructs of organizational commitment, competence, work culture, job satisfaction, and performance.

Validation and reliability of measurements

Structural Equation Modeling is used to trace the relationship between variables in the model (figure 1). It can explain the significance of exogenous variables and endogenous variables. Some assumptions underlying the analysis process are the relationships between variables are linear, causal and additive, as well as valid and reliable measurement instruments. Homogeneity test was conducted to test the validity using Pearson Product Moment correlation method > 0.4 (Singgih, 2000). The reliability measurement was evaluated based on Cronbach Alpha > 0.6. Table 1 shows that the measurement instrument is valid and reliable.

Table 1. Validity and Reliability of measurements

<table>
<thead>
<tr>
<th>Estimators</th>
<th>Test Results</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment (X1)</td>
<td>Pearson correlation 0.790</td>
<td>Valid</td>
</tr>
<tr>
<td>Leadership (X2)</td>
<td>Pearson correlation 0.869</td>
<td>Valid</td>
</tr>
<tr>
<td>Compensation (X3)</td>
<td>Pearson correlation 0.827</td>
<td>Valid</td>
</tr>
<tr>
<td>Job Satisfaction (Y)</td>
<td>Pearson correlation 0.763</td>
<td>Valid</td>
</tr>
<tr>
<td>Performance (Z)</td>
<td>Pearson correlation 0.833</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Confirmatory factor analysis

Ferdinand (2002) explained the measurement of variable relationship model at final stage based on criteria of goodness of fit index. A comparison of model value and cut-off value of data compatibility is chi square (λ²) = 262,876 (good), significance probability (p) = 0.083 ≤ 0.05 (good), RMSEA = 1.134 ≥ 0.08 (good), GFI value = 0.019 ≤ 0.90 (good), AGFI = 0.948 ≥ 0.90 (good), CMIN / DF = 0.924 ≤ 2.00 (good ), TLI = 0.988 ≥ 0.94 (good),
and CFI = 0.991 ≥ 0.94 (good), overall indicate good judgment. This implies that all the criteria for goodness of fit indexes are above cut-off value, as shown in table 2.

Table 2. Evaluation criteria for goodness of fit indices for final structural model

<table>
<thead>
<tr>
<th>Goodness of fit index</th>
<th>Cut-off Value</th>
<th>Model Results</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>Should small</td>
<td>262.876 (0.05:223 = 258.836)</td>
<td>Good</td>
</tr>
<tr>
<td>Probability</td>
<td>≥ 0.05</td>
<td>0.083</td>
<td>Good</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>≤ 2.00</td>
<td>1.134</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.019</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.948</td>
<td>Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.924</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.94</td>
<td>0.988</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.94</td>
<td>0.991</td>
<td>Good</td>
</tr>
</tbody>
</table>

The final stage shows the chi-square value (λ2) looks small enough or good. Similarly, the value of GFI, AGFI, CMIN / DF, TLI and CFI, probability (p) and RMSEA values indicate good value. Comparison of evaluation of criteria for initial goodness of fit indices and final structural models are shown in table 3.

Table 3. Comparison of goodness of fit index for overall models

<table>
<thead>
<tr>
<th>No.</th>
<th>Goodness of fit index</th>
<th>Cut-off value</th>
<th>Initial Model</th>
<th>Remark</th>
<th>Final Model</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chi Square (λ2)</td>
<td>Should small</td>
<td>750.359</td>
<td>Marginal</td>
<td>262.876</td>
<td>Good</td>
</tr>
<tr>
<td>2</td>
<td>Probability (p)</td>
<td>≥ 0.05</td>
<td>0.000</td>
<td>Marginal</td>
<td>0.083</td>
<td>Good</td>
</tr>
<tr>
<td>3</td>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>2.832</td>
<td>Marginal</td>
<td>1.134</td>
<td>Good</td>
</tr>
<tr>
<td>4</td>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.072</td>
<td>Marginal</td>
<td>0.019</td>
<td>Good</td>
</tr>
<tr>
<td>5</td>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.857</td>
<td>Marginal</td>
<td>0.948</td>
<td>Good</td>
</tr>
<tr>
<td>6</td>
<td>CMIN/DF</td>
<td>≤ 2.00</td>
<td>0.825</td>
<td>Marginal</td>
<td>0.924</td>
<td>Good</td>
</tr>
<tr>
<td>7</td>
<td>TLI</td>
<td>≥ 0.94</td>
<td>0.836</td>
<td>Marginal</td>
<td>0.988</td>
<td>Good</td>
</tr>
<tr>
<td>8</td>
<td>CFI</td>
<td>≥ 0.94</td>
<td>0.855</td>
<td>Marginal</td>
<td>0.991</td>
<td>Good</td>
</tr>
</tbody>
</table>
RESEARCH RESULTS

The overall model is shown in figure 2 and overall results are shown in table 4.

Table 4. Matrix the direct effect and indirect effect

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Independent Variables</th>
<th>Dependent Variables</th>
<th>Path Coefficient of Direct Effect</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Standardized</td>
<td>P. value</td>
</tr>
<tr>
<td>H1</td>
<td>Commitment (X1)</td>
<td>Job Satisfaction (Y)</td>
<td>0.207</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H1'</td>
<td>Leadership (X2)</td>
<td>Job Satisfaction (Y)</td>
<td>0.379</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H1&quot;</td>
<td>Compensation (X3)</td>
<td>Job Satisfaction (S)</td>
<td>0.289</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>Commitment (X1)</td>
<td>Performance (Z)</td>
<td>0.149</td>
<td>0.049</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H2'</td>
<td>Leadership (X2)</td>
<td>Performance (Z)</td>
<td>0.166</td>
<td>0.047</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H2&quot;</td>
<td>Compensation (X3)</td>
<td>Performance (Z)</td>
<td>0.001</td>
<td>0.991</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Insignificant</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>Job Satisfaction (Y)</td>
<td>Performance (Z)</td>
<td>0.407</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
<td></td>
</tr>
</tbody>
</table>

Koefisien Jalur Indirect Effect

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Independent Variables</th>
<th>Intervening Variables</th>
<th>Dependent Variables</th>
<th>Standardized</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3'</td>
<td>Commitment (X1)</td>
<td>Job Satisfaction (Y)</td>
<td>Performance (Z)</td>
<td>0.085</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>H3&quot;</td>
<td>Leadership (X2)</td>
<td>Job Satisfaction (Y)</td>
<td>Performance (Z)</td>
<td>0.151</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>H3&quot;&quot;</td>
<td>Compensation (X3)</td>
<td>Job Satisfaction (Y)</td>
<td>Performance (Z)</td>
<td>0.117</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
</tr>
</tbody>
</table>
Hypotheses testing matrix with structural equation models (SEM) shows that the overall model of nine paths have a significant effect and one path has an insignificant effect. The path the model can be interpreted below.

1) Apparatus organizational commitment has a significant effect on job satisfaction with a p value = 0.003 and a standardized value of 0.207
2) Leadership has a significant effect on job satisfaction, with a p value = 0.000 and standardized value of 0.379
3) Compensation has a significant effect on job satisfaction, with p value = 0.000 and standardized value of 0.289
4) Organizational commitment has a significant effect on apparatus performance with p value = 0.049 and standardized value of 0.149
5) Leadership has a significant effect on apparatus performance, with p value = 0.047 and standardized value of 0.166
6) Compensation has no significant effect on apparatus performance with p value = 0.991 and standardized value of 0.001
7) Job satisfaction has a significant effect on apparatus performance with p value = 0.000 and standardized value of 0.407
8) Organizational commitment has a significant effect on apparatus performance mediated by job satisfaction with p value = 0.003 and standardized value of 0.085
9) Leadership has a significant effect on apparatus performance mediated by job satisfaction with p value = 0.000 and standardized value of 0.151
10) Compensation has a significant effect on apparatus performance mediated by job satisfaction with p value = 0.000 and standardized value of 0.117.

DISCUSSION

a. The Effect of Commitment, Leadership, and Compensation on Job Satisfaction

The test results show that commitment affects on apparatus job satisfaction. This shows that higher organizational commitment will increase the level of job satisfaction, and vice versa. The relationship between variables and indicators of organizational commitment to job satisfaction further clarifies that commitment becomes an independent variable that plays an important role or directly affects them apparatus job satisfaction. This finding is supported by the results of previous studies of Greenberg & Baron (2008), Mowday, Steers & Porter in Zeinabadi & Salehi (2011). Adversely, this finding is not consistent with Curry et. al in Salami (2008), that commitment does not affect job satisfaction, but job satisfaction in this study specifically emphasizes aspects of: a) preference for tasks assigned by superiors, b) pleasure to profession or work type, c) pleasure to work and treatment and cooperation of co-workers in work environment, d) pleasure to income and awards received, and e) feeling happy for fair treatment policies or decisions of leadership.

The test results also show that leadership affects on apparatus job satisfaction. This means that better and effective leadership can increase the level of job satisfaction of apparatus, and vice versa. This finding is consistent with results of Sakiru et.al. (2013), Snjezana et al., (2012), and Birasnavet al. (2010). This study findings emphasize on five leadership indicators, namely: a) leadership that involves apparatus in decision-making.
b. The Effect of Commitment, Leadership, and Compensation on Apparatus Performance

Testing results for the fourth hypothesis indicate that organizational commitment affects on apparatus performance of West Sulawesi Province Government. This means that higher organizational commitment can increase apparatus performance and vice versa. This finding is consistent with Linda (2013) and Chaterina and Rose et al., (2009). However, Meyer & Allen in Zurnali (2010) showed the deviations and gaps the effect of commitment on apparatus performance. High continuance commitment of personnel will survive in the organization, not because of emotional reasons, but because there is awareness in individuals to large losses when leaving the organization. This is reinforced by Zurnali (2010) regarding the high role of commitment (affective, continuance and normative occupational commitments) to achieve high performance. Morrison in Khan et al. (2010) showed that commitment becomes an important instrument to improve the performance.

Testing result of the fifth hypothesis indicates that leadership also affects on apparatus performance. There is strong evidence that better and more effective leadership can increase apparatus performance and vice versa. This finding is consistent with Broto and Sutarno (2011) and Birasnav and Rangnekar (2010) that leadership, leadership style, leadership style behavior, transformational leadership have a positive and significant effect on subordinate performance. Adversely of Broto and Sutarno (2011) said that although transformational leadership behavior affects employee performance but insignificant when moderated by work motivation. This opinion is supported by Yukl (2010) and Brown et al. (2006).

Testing results of sixth hypothesis show that compensation does not affect on apparatus performance. Therefore, even though compensation is increased, both quantity and quality, it will not affect apparatus performance. The test results show that this is caused by a number of factors, namely: 1) monthly salaries do not motivate the apparatus to improve their performance; 2) the apparatus considers the provision of incentives has no relation with work performance but only the tradition of government policies and political authorities; 3) the apparatus considers that availability of work facilities both administrative and operational is the government's obligation to fulfill in according to budget and financial capability; 4) award by leaders/superiors to apparatus is considered only a formality and ceremonial to improve the image of the boss or leader; 5) assurance of certainty and fairness for job promotion and career is considered
only valid for certain apparatuses who have close relations with policymakers or who have political interests. This finding is supported by Windy and Gunasti (2012) and Islamet (2011) that the relationship between compensation and employee performance is weak, so financial compensation does not affect on work motivation.

c. Effect of Commitment, Leadership, and Compensation on Performance Mediated by Job Satisfaction

The test results show that job satisfaction is an independent variable that plays an important role or directly affects on apparatus performance. This study found that making a person feel happy and satisfied in the workplace can affect their performance, namely through 1) challenging work, 2) fair reward system, 3) work environment support and 4) work partner attitudes. Harry and Veronika (2013) said that fulfillment of all needs and expectations makes employees will get satisfaction, and employees with high levels of satisfaction will automatically increase performance. Furthermore, when placing job satisfaction as an intervening variable, the commitment, leadership, and compensation have a significant effect on apparatus performance. This finding reinforces the testing the previous hypotheses result in that commitment and leadership directly effect on performance, while compensation has an indirect effect.

CONCLUSION

This study results provide practical implications for leaders in West Sulawesi Province Government to identify factors to improve job satisfaction and apparatus performance. For this reason, the results of this study recommend that to improve job satisfaction and apparatus performance, the leaders of each Local Apparatus Work Unit (LAWU) should make a systematic, consistent and continuous human resource development process, through the improvement of leadership styles, compensation systems and increase in apparatus commitment and competency. The limitations of this study are not involving the characteristics of demographic aspects of the sample so that they cannot be generalized to the same object in other regional government. Therefore, future studies are recommended to fill this gap to confirm the results of this study.

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