
The Effect of Organizational Commitment and Job Satisfaction on Employee Performance and its Implication on the Performance of PT. PLN (Persero) Banda Aceh

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Abstract

This study is to prove the effect of commitment and job satisfaction on employee performance and its implication on organizational performance. The object is PT PLN (Persero) in Banda Aceh Area, which in this study is called PT PLN (Persero) Banda Aceh. The population of this study is all employees who work at PT PLN (Persero) Banda Aceh. The total number of employees is 95 people consisting of 78 men and 17 women. Census technique is a sampling technique that is carried out in this study. The result describes several conclusions that are organizational commitment effects the performance of employees, job satisfaction effects the performance of employees, organizational commitment effects organizational performance, job satisfaction effects organizational performance, employee performance effects organizational performance, employee performance partially mediates the effect of organizational commitment on the organizational performance, and employee performance partially mediates the effect of job satisfaction on organizational performance of PT PLN (Persero) Banda Aceh. These all findings mean that the research model has proven and becomes the new premise and can contribute to the realm of sciences. Also, the research has novelty that lies in the combination from the previous research model, and with the new object. The research limitation resides in the variable amount and its scope.

Keywords: Organizational Commitment, Job Satisfaction, Employee Performance, Organizational Performance.

1. Introduction

Humans are the most important resource in the organization efforts to achieve success. These human resource supports the organization with work, talent, creativity and encouragement. No matter how perfect the technological and economic aspects do, without human aspects, it is difficult for organizational goals to be achieved. Human resource management is a modern term to replace the term personnel management or personnel administration, because some authors consider that the scope of personnel management is narrower than human resource management. Human resource management is the utilization, development, assessment, remuneration, and management of individual members of an organization or group of workers (Simamora, 2004).

PT. PLN (Persero) is one of the companies engaged in services. The service sector is one of the fields that requires skills from human resources. If the human resources are managed

well, then the performance given will also be maximal and will have an impact on organizational performance. PT PLN (Persero) released a profit of 2018 of Rp 9.6 trillion, it increased by 13.3% compared to last year of Rp 8.5 trillion. Profit for the 2017 fiscal year fell 45.7% to Rp 4.42 trillion from the previous year of Rp 8,15 trillion. This profit is the lowest in the last four years. PLN shrinking profit in 2017 was triggered by an increase in fuel and lubricant expenses by 6.8% to Rp 116.95 trillion and an increase in electricity purchases by 21.3% to Rp 72.43 trillion. In addition, the decline in revenue from the government electricity subsidy by 21.2% to Rp 45.7 trillion and also an exchange rate loss of Rp 2.9 trillion made the profit of the state-owned electricity service provider company down almost half from the previous year.

Good or bad company performance is caused by worker performance. Performance is the quality and quantity results of work achieved by an employee in doing their duties in accordance with the responsibilities given to them (Mangkunegara, 2013). Employee performance is influenced by various factors, such as the organizational commitment and also the job satisfaction. According to Wagner in (Karsono, 2008), in a company, one of the factors that affect performance is the degree at which a person feels committed to a goal. Specific and difficult objectives will contribute to performance improvement only when there is a commitment to high goals. Employees who have a high commitment to an organization will be more motivated and produce high performance as well. According to (Steers; and Porter, 1991) Organizational commitment is a relative strength of identification and involvement of individuals in an organization or company, which is indicated by the existence of the strong belief in its goals and the values of the organization, a willingness to make certain efforts for the interests of the organization and a strong desire to continue to become members of the organization.

The next factor influencing employee performance is job satisfaction. Employee job satisfaction is an important factor in efforts to improve performance, therefore every company needs to make every effort so that employees have high performance so that overall company performance will be high. Job satisfaction in general concerns a person's attitude regarding their work. Job satisfaction according to (Robins and Coulter, 2012) is what is owned by individuals in their work, these attitudes arise due to the perceptions of each individual towards their work. Because it involves attitudes, the notion of job satisfaction concerns a variety of things, such as emotions and tendencies for one's behavior. Therefore job satisfaction will appear to be manifested in a person's behavior and performance. People who are satisfied with the job will work with high morale so that the employee performance is high. Where it will have a direct or indirect impact on the effectiveness of the company's organization.

The low job satisfaction will greatly affect the morale. Disgruntled employees will be lazy to work so that it will have an impact on their performance. In a company, one of the things that is most worried is the continuously decline in company performance due to low job satisfaction. Low job satisfaction, can result in employee performance will decline even there will be strikes, job delays, absenteeism or employee turnover. If the company is able to improve its worker performance, the company will get many benefits. The work will be completed more quickly, damage can be reduced, absenteeism can be reduced, the possibility of employee turnover can be reduced, etc.

2. Literature Review

Organizational Performance

Organizational performance is an achievement level indicator that reflects the success of an organization, and also the result of behavior achievement of the organizational members. Performance is also said as a result (output) of a particular process that is carried out by all components of the organization toward certain sources used (input). Furthermore, performance is also the series results of process activities which are carried out to achieve certain organizational goals.

For some organizations, performance is collaborative activity results of among organization members or components in order to realize organizational goals. Organizational performance is also the totality of work achieved by an organization. Organizational goal achievement means the performance can be seen from the level of which the organization can achieve its goals based on the targets that have been set previously (Surjadi, 2009). According to Baban Sobandi, organizational performance is that something has been achieved by the organization in a certain period of time, either related to input, output, outcome, benefit, and impact. (Sobandi *et al.*, 2006).

in the scope of the organization, performance is the work that has been achieved by an organization in conducting a job which can be evaluated its level of performance. Whether or not a goal is successful in the organization depends on how the performance process is carried out. Organizational performance is inseparable from the factors that can influence it. The following are the factors that affect organizational performance:

1. Technology which includes work equipment and work methods used to generate products or services produced by the organization. The more quality the technology used, the higher the achievement of organizational performance.
2. The quality of inputs or materials used by the organization.
3. The quality of the physical environment which includes work safety, room arrangement, and cleanliness.
4. Organizational culture as a pattern of behavior and work patterns that exist within the organization.
5. Leadership as an effort to control members of the organization to work in accordance with the standards and goals of the organization.
6. Human resource management which includes aspects of compensation, rewards, promotions and others. (Ruky, 2001)

The organizational performance indicators according to (Sobandi *et al.*, 2006) are as follows :

1. Output
2. Result
3. Effort related to achievement
4. Explanatory Information

Employee Performance

According to (Mangkunegara, 2010) performance is the quality and quantity results of work that can be achieved by the employee in carrying out tasks in accordance with the responsibilities given to them. While (Bastian, 2007) argued that performance is a figure of achieving the implementation of an activity or policy program in realizing the goals, objectives, mission, and vision of the organization. In general it can also be said that performance is an achievement that can be achieved by an organization within a certain period.

According (Soetrisno, 2016) performance is a result of employee work in terms of quality, quantity, work time and cooperation to achieve a goal set by the organization. Performance is a representation of the implementation achievement level of an activity program or policy in realizing the goals, objectives, vision and mission of the organization as outlined in an organization strategic planning.

(Mathis, 2006) also explained the factors that influence employee performance including:

a. Individual Employee Performance

1) Individual Performance Factors

Three main factors that affect how individuals work are: individual ability to do the work, level of effort expended, and organizational support.

2) Individual Motivation

(Mathis, 2006) view motivation is as the desire within a person that causes that person to act in order to reach a goal. The concepts of equity and expectations show that motivation is complex and personal, but strategical and tactical. Managerial must be comprehensive in order to convey the equity and expectations of individuals. For example, managers must determine whether inadequate individual behavior is due to business-performance relationships (ability), low-reward performance relationships (inconsistent reward policies), or low scores (low desire for appreciation).

b. Individual / Organizational Relations

because of long-term economic conditions, most organizations base their attempts on employees who have the appropriate capabilities and motivation to do their jobs well, organizations that often succeed show that individual relationships are truly meaningful and must be managed effectively (Mathis, 2006).

c. Job Satisfaction and Organizational Commitment

Job dissatisfaction arises when one's expectations are not met. Individual and work interactions determine the level of job satisfaction / dissatisfaction and organizational commitment. Employees who are dissatisfied with work or committed to the organization are more likely to leave the organization, perhaps through absence or permanent rotation (Mathis, 2006).

d. Human Resource Retention

Attempts to retain employees have become a major problem in many organizations. Simply, with lower turnover, each individual who is cared for means one less person must be recruited, selected, and trained. Furthermore, organizational and individual performance is enhanced by the continuity of employees who know their work, colleagues, services and products, and the company's customers. In addition, employee continuity gives a better "employee impression" to attract and care for other individuals ((Mathis, 2006).

Performance is the very important thing in an organization efforts in achieving the goals, so various activities must be carried out by the organization to improve it. One of them is through performance appraisal. In essence, performance appraisal is an evaluation of the work performance of personnel by comparing it with the standard appearance. According to (Mathis, 2006) the indicators in measuring performance are as follows:

1. Work quantity, the work volume produced under normal conditions

2. Quality of work, which can be in the form of neatness of accuracy and relevance of results without ignoring the volume of work.
3. Utilization of time, the use of work tenure which is adjusted to the policy of the company or government agency.
4. Cooperation, the ability to handle relationships with others at work.
5. Attendance, discipline in complying with absenteeism that has been adjusted to company policy.

Based on the Decree of the Directors of PT PLN (Persero) Number. 32. K / DIR / 2009 concerning management systems or employee performance indicators, as follows:

- a. Knowledge of individual performance goals
- b. Monitoring individual performance
- c. Individual performance assessment and feedback
- d. Individual performance awards

Organizational Commitment

According to (Griffin, 2005) defined organizational commitment is an attitude that reflects the extent of which an individual knows and is bound to his organization. Robbins (2008: 100) defined organizational commitment is the degree of which an employee sides with an organization and its goals and desires to maintain the membership in the organization. The understanding of organizational commitment put forward by Robbins is a benchmark for an employee's alignment with the company. The level of job satisfaction possessed by employees varies. This is one of the factors that affects organizational commitment.

Organizational commitment generated by employees has different types. The following are the types of organizational commitment (Allen and Meyer, 1990):

1. *Affective (affective commitment)*
Affective commitment deals with the emotional connection of members to their organization, identification with the organization, and member involvement in organizational activities. Organization members with high affective commitment will continue to be the organization members because they have a desire for it.
2. *Continuance (continuance commitment)*
Continuance commitment is related to the awareness of organizational members that they will suffer losses if they leave the organization. Organization members with high continuance commitment will continue to be the organization members because they have the need to become members of the organization.
3. *Normative (normative commitment)*
Normative commitment describes a feeling of attachment to remain in the organization. Organization members with high normative commitment will continue to be the organization members because they feel they must be in the organization.

Organizational commitment is valuable for the whole organization, and not only for work, or working groups. Employee commitment itself is relative from the individual in identifying his involvement in the part of the organization itself Lambert et al, in (Wibowo, 2015). The indicators used to assess organizational commitment are as follows:

- 1) A sense of belonging to the organization
- 2) A sense of attachment to the organization.

- 3) Interpret the organization personally
- 4) Not leaving the organization.
- 5) Proud of organization
- 6) Loyalty

Job satisfaction

Job satisfaction is an emotional feeling in the form of feeling satisfied with a job that is occupied. Job satisfaction is significant to be considered by the company, because job satisfaction is one indicator of employee welfare. Employee welfare is the most vital thing, because if an employee of a company does not feel well there will be a feeling of disappointment and they assume they will do something in vain. This will be a hindrance for companies and will reduce their level of productivity at work. In fact, this will be compounded by internal conflicts.

According to (Weiss, Dawis and England, 1967) in (Vidiasta, 2010), indicators of job satisfaction are as follows.

- a. *Ability Utilization*: the utilization of skills possessed by employees.
- b. *Achievement*: the accomplishment attained during work.
- c. *Activity*: all kinds of activities carried out on the job.
- d. *Advancement*: the progress or development achieved during work.
- e. *Authority*: the authority that is held in carrying out work.
- f. *Company policies and Practices*: a policy that is fair to employees.
- g. *Compensation*: all kinds of compensation given to employees.
- h. *Co-workers*: workmates who are directly involved in the work.
- i. *Creativity*: creativity that can be done in carrying out work.
- j. *Independence*: the freedom needed by employees to work.
- k. *Moral Values*: moral values that employees have in carrying out their work such as guilt or compulsion.
- l. *Recognition*: the acknowledgment of work performed.
- m. *Responsibility*: a responsibility carried and owned.
- n. *Security*: the sense of secure felt by employees of the work environment.
- o. *Social Service*: the social feelings of employees towards the work environment.
- p. *Social Status*: the degree of social and self-esteem that is felt as a result of work.
- q. *Supervision-Human Relations*: support given by business entities to their workers.
- r. *Supervision-Technical*: guidance and technical assistance provided by superiors to employees.
- s. *Variety*: a variation that can be done by employees in doing their jobs.
- t. *Working Conditions*: the conditions of the workplace where employees do their work.

Research Hypothesis

Based on the literatures and facts that are explained above, authors formulate the hypotheses for this study as follows.

H1: organizational commitment significantly effects the employee performance

H2: job satisfaction significantly effects the employee performance

H3: organizational commitment significantly effects organizational performance

H4: job satisfaction significantly effects organizational performance

H5: employee performance significantly effects organizational performance

H6: employee performance mediates the effect of organizational commitment on organizational performance

H7: employee performance mediates the effect of job satisfaction on organizational performance

3. Method

Population and Sample

The population in this study are all employees who work at PT PLN (Persero) Banda Aceh. The total number of employee is 95 people consisting of 78 men and 17 women, referring to the theory of (Arikunto, 2014) a few percent sample can be taken. The sample is a collection of elements that constitute a small part of the population (Supranto, 2009). Because there are not too many employees, the entire population can be sampled, so the sampling technique in this study uses census technique.

Data collection technique

The data is collected by using questionnaires. The questionnaire method is a series or list of questions that are arranged systematically, then distributed to be filled in by respondents. After being filled in, the questionnaire is taken back to be recorded (Bungin, 2008). The questionnaire used is a choice-type questionnaire, it make it easier for respondents to provide answers, because alternative answers have been provided and only require a shorter time to answer them. The questionnaire contains questions related to research variables.

Data analysis method

Partial Least Square (PLS) is used to analyze the data. PLS is the predictive technique that can handle many independent variables, even though multicollinearity occurs between these variables (Ramzan and Khan, 2010). According to (Yamin and Kurniawan, 2011), PLS is used for confirmation purposes, such as hypothesis testing and exploration purposes. PLS prefers exploration rather than confirmation. But the main purpose of PLS is to explain the relationship between contacts and emphasize understanding of the value of these relationships. In this case, the important thing to consider is the necessity of the theory that provides assumptions to describe the model, selection of variables, analytical approaches, and results interpretations.

4. Result

The Measurement model result for the determination coefficient and also the path coefficient for the equation model, are explained in Figure 1 below:

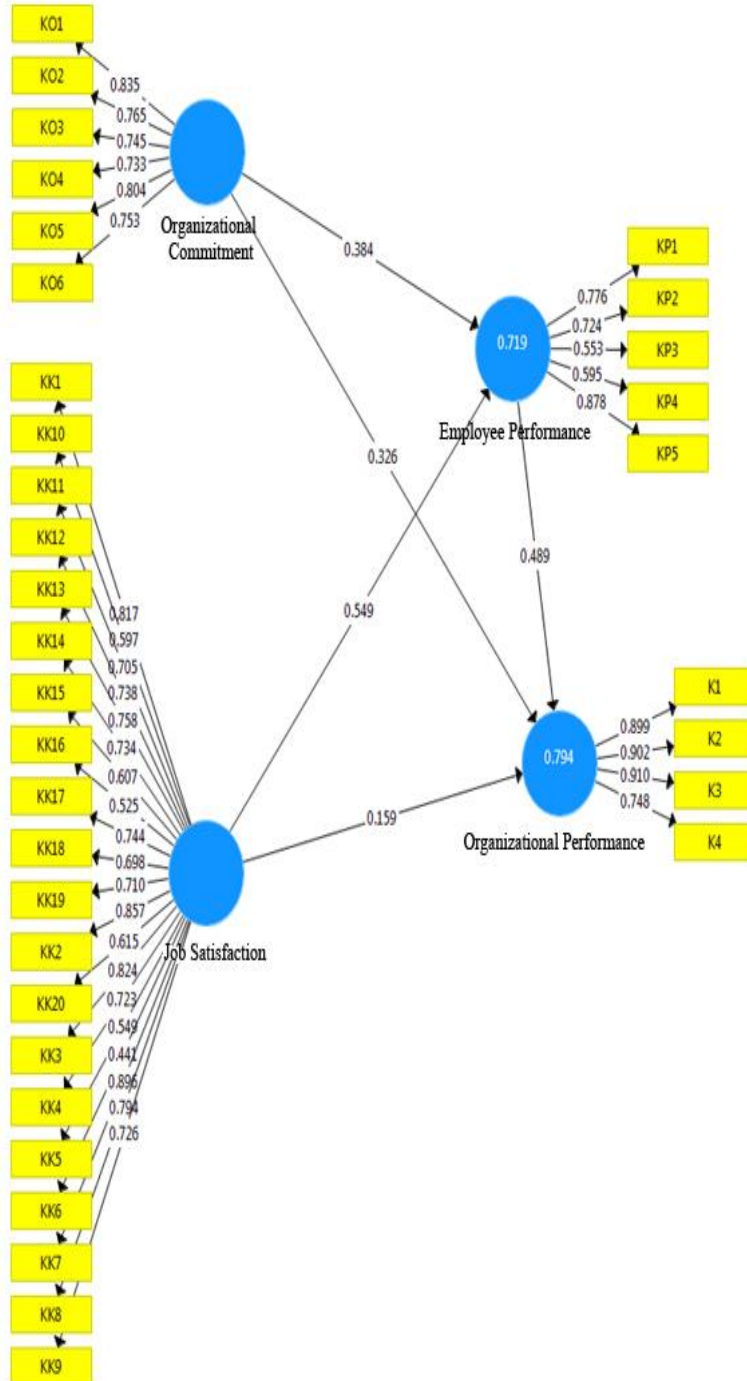


Figure 1. SEM Result

From the figure 1 above, it shows the structural model which can be evaluated by using R^2 , the path coefficient values, and its significance values. The significance value is used to find out there is the effect or not in the causality relationships. To assess the significance of the prediction model, it is shown from the p value and the t-statistic value between the independent variables and the dependent variables below:

Table 1. Path Coefficient

Variable	Original Sample	Sample Mean	Std. Dev.	T-Statistics	P Value
Org. Commitment → Employee Perf.	0.384	0.339	0.081	4.166	0.000
Job Satisfaction → Employee Perf.	0.549	0.519	0.075	6.887	0.000
Org. Commitment → Organizational Perf.	0.326	0.330	0.089	3.744	0.000
Job Satisfaction → Organizational Perf.	0.159	0.265	0.097	2.597	0.010
Employee Perf. → Organizational Perf.	0.489	0.358	0.089	4.086	0.010

Source: Data processing with PLS, 2020

Based on table 1 above, it shows, the first test the value of the original sample estimate LS organizational commitment to employee performance is equal to 0.384 with a significance level below 5%. The original positive sample estimate value indicates that organizational commitment effects employee performance.

The second test obtains the value of the original sample estimate LS equals to 0.549 with a significance level below 5%. Significance value indicates that job satisfaction effects employee performance.

The third test obtains the value of the original sample estimate LS equals to 0.326 with a significance level below 5%. The significance value indicates that organizational commitment effects organizational performance.

The fourth test obtains the value of the original sample estimate LS equals to 0.159 with a significance level below 5%. The significance value indicates that job satisfaction effects organizational performance.

The fifth test obtains the value of the original sample estimate LS equals to 0.489 with a significance level below 5%. The original positive sample estimate value indicates that employee performance effects organizational performance.

The sixth test to test the mediating effect of employee performance variables on the effect of the organizational commitment on the organizational performance can be explained as follows:

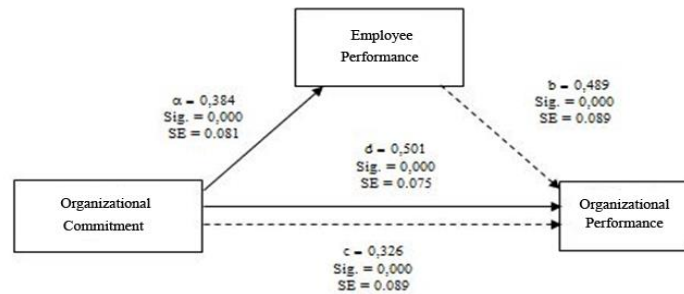


Figure 2. The Effect of Organizational Commitment on Organizational Performance Through Employee Performance

On Figure 2 it shows that organizational commitment influences employee performance and employee performance also influences organizational performance. The results of the sobel value are as follows.

Input:	Test statistic:	Std. Error:	p-value:
a 0.384	Sobel test: 3.58932556	0.05231512	0.00033153
b 0.489	Aroian test: 3.55572499	0.05280948	0.00037694
s _a 0.081	Goodman test: 3.62389704	0.05181604	0.0002902
s _b 0.089	Reset all	Calculate	

Source: <http://quantpsy.org/sobel/sobel.htm>, 2020

Figure 3. Sobel Test I

From the calculation of the sobel test above, t value of $3.589 > 1.98$ is obtained with a significance level of 5%, it is evident that employee performance mediates the effect of organizational commitment indirectly on organizational performance.

The role of employee performance variables in mediating the relationship between organizational commitment and organizational performance is partial mediation.

The seventh test to test the mediating effect of the job satisfaction variable on organizational performance is explained as follows:

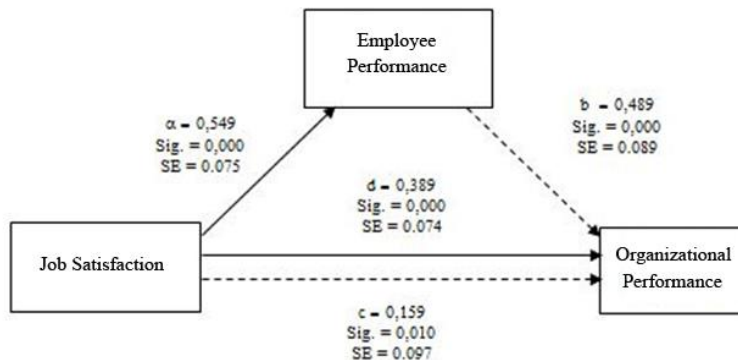


Figure 4. The Effect of Job Satisfaction on Organizational Performance through Employee Performance

On Figure 4 it explains that the job satisfaction affects employee performance and employee performance also affects organizational performance. The result of the sobel value are as follows.

Input:		Test statistic:	Std. Error:	p-value:
a	0.549	Sobel test: 4.39424263	0.0610938	0.00001112
b	0.489	Aroian test: 4.36824731	0.06145737	0.00001252
s _a	0.075	Goodman test: 4.42070763	0.06072806	0.00000984
s _b	0.089	Reset all	Calculate	

Source: <http://quantpsy.org/sobel/sobel.htm>, 2020

Figure 5. Sobel Test II

From the calculation of the sobel test above, a t value of $4.394 > 1.98$ is obtained with a significance level of 5%. Then it is evident that employee performance mediates the effect of job satisfaction on organizational performance. The role of employee performance variable in mediating the relationship between organizational commitment and organizational performance is partial mediation.

5. Conclusion

Based on the result describes several conclusions that are organizational commitment effects the performance of employees of PT PLN (Persero) Banda Aceh, job satisfaction effects the performance of employees of PT PLN (Persero) Banda Aceh, organizational commitment effects organizational performance of PT PLN (Persero) Banda Aceh, job satisfaction effects organizational performance of PT PLN (Persero) Banda Aceh, employee performance effects organizational performance of PT PLN (Persero) Banda Aceh, employee performance partially mediates the effect of organizational commitment on the organizational performance of PT PLN (Persero) Banda Aceh, and employee performance partially mediates the effect of job satisfaction on organizational performance of PT PLN (Persero) Banda Aceh. These all findings mean that the research model has proven and becomes the new premise and can contribute to the realm of sciences. Also, the research has novelty that lies in the combination from the previous research model, and with the new object. The research limitation resides in the variable amount and its scope.

Several recommendations are provided. For organizational performance the lowest average value is obtained on the explanatory information indicator. This can be a concern for the company to not conceal information on the achievement of company performance on its employees. For employee performance variables the lowest average value is on the attendance indicator. This can be a concern for the company to further increase employee attendance. For the variable organizational commitment the lowest average value is on the indicator of loyalty. This can be a concern for the company to be able to increase employee loyalty to the company. For the variable job satisfaction the lowest average value is on the company policy indicator. This can be a concern for companies to pay more attention to policies implemented so as not to burden employees in working.

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