

THE EFFECT OF COMPENSATION AND CAREER DEVELOPMENT ON ORGANIZATIONAL COMMITMENT

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ABSTRACT

The human resources needed by the company today are human resources who can develop continuously, are able and willing to help the company in any condition so that the trust given by the company to the employee is by increasing the ability and commitment of the employee himself. This study aims to determine the effect of compensation and career development on organizational commitment. The population of this study are employees of companies engaged in the manufacture of plastic plates. The sample of this research is 100 respondents. The census method was adopted as the sampling method. The analytical technique used is multiple regression. The results of this study indicate that compensation has a significant effect on organizational commitment partially. Career development also has a significant effect on organizational commitment partially. Furthermore, it is concluded that compensation and career development have a significant effect on organizational commitment.

Keywords: compensation, career development, organizational commitment.

Introduction

Currently, companies need to create good human resources to survive in business competition. The existence of skilled human resources, it can make the company can create competitiveness and can make a good contribution to the company, especially in the banking industry. The success or failure of achieving company goals depends on the ability of human resources or employees in the company. The human resources needed by the company today are human resources who can develop continuously, are able and willing to help the company in any condition so that the trust given by the company to these employees is by increasing the ability and commitment of the employees themselves. Many things can be done by companies to get back the commitment of their employees. Companies need to establish a strategic plan in achieving success and business continuity in the future. Work commitment must be instilled in employees so that they are willing to give their best performance and create a good image from customers for the company.

Meyer and Allen (2008) explain that committed employees are employees whose attitudes describe their loyalty to their organization. Without employee commitment to the organization, organizational plans and targets will be difficult to realize. Luthans (2012) describes the involvement of an organization as a strong desire to be a member of a particular organization, a desire to make high-level efforts for the organization, and a clear belief and acceptance of the organization's values and goals. Organizational commitment can be influenced by several factors such as the provision of compensation.

According to Mathis and Jackson (2002) states that one way to improve work performance, motivation and improve employee performance is through compensation. The reward is a strategic HR feature that has a significant impact on other HR features (Murty & Hudiwinarsih, 2012). Rivai and Sagala (2009) state that employees receive compensation in exchange for service contributions to the company. Rewarding is one of the implementations of HRM and is associated with the awarding of all types of individual awards in exchange for performing the tasks of the organization.

Compensation needs to be given for each employee's work as an organization based on their commitment to work for the company. The assessment of employee commitment is the basis for managers to determine how much compensation will be given to employees based on employee work behavior. If compensation is high, then employee commitment increases, and vice versa. According to Lisa Cruz in Dessler (2009) dissatisfaction with benefits affects morale and commitment to less than they should be able to provide. This will prevent the company from achieving its strategic goals. Previously, research has been conducted on the effect of compensation on organizational commitment (Jufrizen, 2015; Kee et al., 2016; Nawab & Bhati, 2011).

Increasing organizational commitment can be done by developing employee careers. According to Lisa Cruz in Dessler (2009) states that one way to provide company commitment to employees is to help employees have successful and satisfying careers.

Marwansyah (2012) found that career development tools include skills, education and experience, skills and experience of change, and behavioral change and improvement techniques that add value that enables people to work better. It states. Saydam (2011) explains that career development of human resources is an activity that an organization must undertake to meet its knowledge, skills and abilities to meet the demands of its work. Career development is not only a way for employees to get what they want, but also to enable employees to be on certain career paths that make positive changes in their careers (Al Hakim, 2019). Septyawati (2010) explains that career development can achieve a higher level of satisfaction, because the company

strives to foster healthy job satisfaction in which the rights and obligations of employees are arranged in such a way as to align with the functions, roles, and responsibilities of employees so that employees can participate in company. Career development also has a clear impact on an organizational commitment which, appears to a continuance commitment.

Continuance commitment refers to an employee's assessment of whether the cost of leaving an organization is greater than the cost of staying in the organization (Meyer & Allen, 2008). Previously, research has been conducted on the effect of career development on organizational commitment (Jufrizen, 2015; Widiyanti et al., 2020; Maharani & Vembriati, 2019). Thus, based on the previous description, this study intends to observe and find out the role of compensation and career development on the formation of organizational commitment.

Research Method

The population of this quantitative research is employees in a company engaged in the manufacture of plastic plates in Sidoarjo. The sampling technique used is the census technique. The sample of this research is 100 respondents. Data collection by using a questionnaire. Instrument analysis uses validity and reliability tests. Data Analysis using multiple regression test, significance test, namely t test and F test which are calculated and measured through the SPSS program.

The first independent variable of this research is compensation. Dessler (2009), all employee benefits are rewards or gifts to employees and come from work. The compensation indicators according to Dayandan (2017) are: 1) salary; 2) incentives; 3) bonuses; 4) office facilities; 5) leave and 6) old age allowance. The second independent variable in this study is career development. Career development is a condition that indicates an increase in the status of a person within an organization on the established career path of that organization (Martoyo, 2007). According to Pujiwati (2016) career development indicators: 1) individual careers; and 2) management career.

The dependent variable for this study is organizational commitment. Drever (2006) states that commitment is an attitude/feeling of loyalty to a person or group that is felt as an obligation and a sense of love. Indicators of organizational commitment according to Meyer and Allen (2008) are: 1) affective commitment; 2) continuous commitment; 3) normative commitment.

The indicator of each variable is translated into a questionnaire statement. The statement is measured by a Likert scale with a value of 5 = Strongly Agree; 4 = Agree; 3= Doubtful; 2 = Disagree; 1 = Strongly Disagree.

Data Analysis and Discussion

The characteristics of the respondents in this study can be seen from Table 1. Most of the respondents were women, as many as 58 respondents. Based on the age level, the most respondents were aged 25-34 years, namely 32 respondents. Furthermore, based on the education level of the respondents most have a high school education level of 33%.

The results of the validity test of this study showed that the total correlation value of the modified items for all the variables investigated was greater than 0.3. Based on these results, the research data is declared valid. Furthermore, the reliability test was carried out. The reliability test shows that all items in the variables in this study are reliable because the Cronbach Alpha value is greater than 0.6. a

Next is the normality test. The results of this study can be seen from Figure 1. Based on Figure 1, it is known that the distribution of data is spread around the diagonal line. These results indicate that the research data is normally distributed.

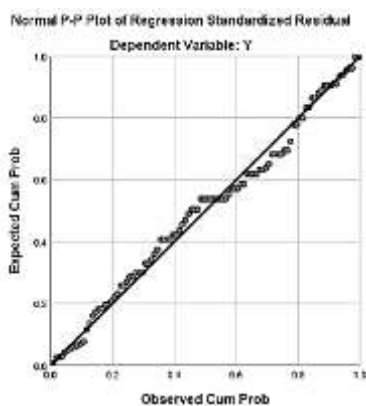


Figure 1. Normality Test

For the autocorrelation test, this study used the Durbin Watson value. Research data is declared not to have autocorrelation if the value obtained is between -2 to 2. Durbin Watson in this study obtained a value of 1,038. Based on these results, the research data does not experience autocorrelation. For multicollinearity test, this research uses VIF value and tolerance value. In this study, the VIF value is 1.026 and the tolerance value is 0.975. Based on these results, the research data did not experience

symptoms of multicollinearity. The research model is concluded not to have multicollinearity test if the VIF value lies between 1 to 10 and the tolerance value is less than 1.

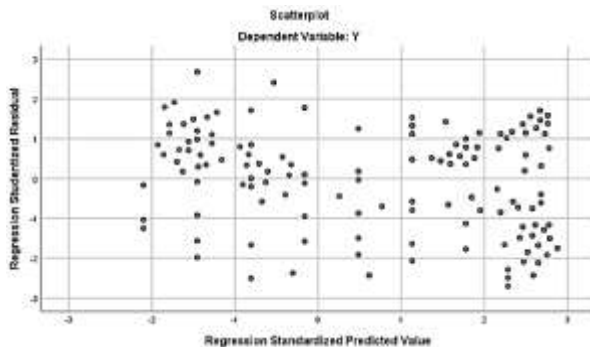


Figure 2. Heteroscedasticity Test

Heteroscedasticity test was carried out by observing Figure 2. Based on Figure 2, the data were spread out and did not form the pattern. These results indicate that the data in this study did not experience heteroscedasticity.

Table 1. t-Test and Regression Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30,482	3.956		7.706	.000
	X.1	2,587	.445	.458	5,820	.000
	X.2	2,589	.531	.384	4.878	.000

Furthermore, a t-test was performed using SPSS. The results of the t-test of this study can be seen from Table 1. Based on the results of the analysis, the value of Sig. 0.000. These results indicate that the compensation variable has a significant effect on organizational commitment partially because the value of Sig. below 0.05 For the value of Sig. career development variable, Sig value obtained is 0.000. These results indicate the value of Sig. below 0.05 so it can be concluded that career development has a significant effect on organizational commitment simultaneously

From the results of data analysis, multiple linear regression models were obtained, namely: $Y = 30,482 + 2.587X.1 + 2.589X.2$. The multiple linear regression model shows that compensation (X.1) and career development (X.2) have a positive effect on organizational commitment (Y).

Table 2. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1587,197	2	793,599	34,231	.000 ^b
	Residual	2248,803	97	23,184		
	Total	3836.000	99			

To determine the effect of the variable compensation and career development simultaneously on organizational commitment, the F test was carried out. The F test in this study was carried out by looking at the Sig value in Table 2. The F value was obtained at 34,231 with a Sig value. 0.000. With these results, compensation (X.1) and career development (X.2) have a significant effect on organizational commitment (Y).

Table 3. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.643a	.414	.402	4.815	1.038

The results of the analysis of the coefficient of determination can be seen from Table 3. The value of the coefficient of determination obtained is 0.414. These results indicate that compensation (X.1) and career development (X.2) affect organizational commitment by 41.4% while the remaining 58.6% is the role of other variables not examined in this study.

From the results of data analysis found that compensation has a significant effect on organizational commitment. These results are supported by research from Jufrizen (2015); Kee et al. (2016); Nawab and Bhati (2011). Providing compensation that is not in line with employee expectations will make employees disappointed that they have given their best performance because they are not treated fairly by the company (Darmawan, 2021).

Career development also has a significant effect on organizational commitment. These results are in accordance with research conducted by Jufrizen (2015); Widiyanti et al. (2020); Maharani and Vembriati (2019). One way to give company commitment to employees is to help employees have successful and fulfilling careers (Gunawan, 2015). Career development that is not managed properly will cause low work commitment and high desire to leave the organization in employees (Andayani, 2019).

The results of data analysis show that compensation and career development have a significant effect on organizational commitment simultaneously. To develop organizational commitment, it is necessary to develop a compensation system and career development in the company.

Conclusion

The conclusions of this study indicate that compensation has a significant effect on organizational commitment partially. Career development also has a significant effect on organizational commitment partially. Furthermore, it is concluded that compensation and career development have a significant effect on organizational commitment.

Based on the results of this study, the researchers gave several suggestions. Companies need to create a fair compensation system for employees. The compensation provided is expected to be in accordance with the employee's contribution to the company's goals. With good compensation, employees will feel satisfied. Furthermore, it will develop the organizational commitment of every employee of the company.

To develop organizational commitment, it is also necessary to pay attention to the given career development system. It is hoped that career development will be carried out regularly. Career development is also expected in accordance with the interests of employees. With career development, employees will always work well and do not see opportunities in other companies.

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