The Mediating Role of Job Satisfaction in Relationship Between Organizational Commitment and Employee Performance

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Abstract

Water is very important for the life; therefore the employee performance of water company should be excellent. The success of a company is strongly influenced by the performance of its employees. Employee performance is critical to organizational growth and profitability. This research was conducted at a government-owned water company in Surabaya, East Java, Indonesia with the aim of analyzing the effect of organizational commitment on employee performance, organizational commitment on job satisfaction, job satisfaction on employee performance and organizational commitment on employee performance through job satisfaction. This study uses 63 employees as a sample and questionnaire is used to obtain the information concerning with organizational commitment, job satisfaction and employee performance. Data analysis used Structural Equation Modeling (SEM) Partial Least Square (PLS). The results showed that organizational commitment affects employee performance, organizational commitment affects job satisfaction, job satisfaction affects employee performance, and employee job satisfaction is able to mediate the relationship between organizational commitment and employee performance.

Keywords
Job satisfaction, organizational commitment, employee performance

1. Introduction

The success of a company is strongly influenced by the performance of its employees. Good companies recognize their employees and try to improve their performance. This is because the company realizes that employees who have high performance will affect the company's performance in achieving company goals. The success of a company is strongly influenced by the performance of its employees. Good companies recognize their employees and try to improve their performance. This is because the company knows that employees have high performance; it will affect. Mangkunegara (2016) explains that performance is the result of work both in quantity and quality obtained by an employee in carrying out his duties in accordance with his responsibilities. Good performance is maximum performance, in the sense that performance is in accordance with organizational standards and supports the achievement of organizational goals, namely the vision and mission of the organization. Increased employee performance will create progress for the organization to be sustainable in the intense business competition.

Employee performance is the result of work in quality and quantity that can be achieved by an employee in carrying out tasks in accordance with the responsibilities given to him (Widia and Rusdianti, 2018). Employee performance can be seen from the amount of work produced by employees, the level of efficiency and effectiveness of employees in carrying out their work, and the timeliness of completing the work that has been determined (Mangkunegara, 2016). Meanwhile, Robbins (2015) explains that employee performance is a function of the interaction between ability and motivation. Furthermore, Robbins (2015) mentions setting performance goals is setting goals that are useful not only for performance evaluation at the end of the period but also for. According to Robbins (2015) that employee performance is an interaction and function between motivation and ability. Setting performance goals is useful for setting targets and not only for evaluating performance at the end of the period but also for managing work processes during the period. Companies need to improve employee performance because if the performance of an employee declines then the employee may have a desire to leave the company and this is very detrimental to the company. As stated by Suyono et al (2020) that turnover intention is more dangerous than the real turnover.
From several empirical studies, it can be seen that employee performance is influenced by several factors, including organizational commitment (Susanto and Ratna, 2015; Osa and Amos, 2014; Folorunso et al., 2014) and job satisfaction (Abdulkhaliq and Mohammadali, 2018; Laosebikan et al., 2018). Rachmawati (2015) defines organizational commitment as an attitude that shows employee "loyalty" and is identical to the ongoing process of how an employee shows their concern for the success and goodness of his company. Commitment also includes work involvement. This is because there is a close relationship between work involvement and organizational commitment. Job involvement is the degree of willingness to integrate oneself with work, invest time, ability and energy in work, and consider work as a major part of life. Commitment from employees is something important. Because of the impact, among others, on delays, absenteeism, the desire to change jobs, and labor turnover. Organizational commitment is a person's behavior towards the organization in the form of loyalty to the organization to achieve the vision, mission and goals of the organization. A person is considered to have a commitment if the person has a high commitment to the organization, this can be seen by looking at the characteristics, among others, in the form of great trust and support for organizational goals, have a very high motivation to work and remain a member of an organization. Organizational commitment is an important factor because employees who are satisfied with their work will have a high commitment and will stay in the organization to work well to achieve organizational goals. Employees who have a high commitment will generally give the best performance. Every organization wants every employee in the organization to have a high commitment. Rachmawati (2015) defines organizational commitment as an attitude in the form of employee "loyalty" and is a continuous process of an employee to work well in order to achieve the success of the organization in which he is located. Commitment includes work involvement. This is because there is a very close relationship between organizational commitment and work involvement. Job involvement is the level of willingness to unite an employee with work, provide time, ability and energy for work, also considers his work to be a major part of his life. Commitment from employees is important because employees with good commitment will show high work discipline, eliminate the desire to change jobs, and reduce employee absenteeism.

Organizational commitment is a reflection of employee attitudes or behavior towards the company in the form of loyalty and actions to achieve the vision, mission and goals of the organization. Employees can be said to have a commitment if they have a high commitment to the company, this can be known by looking at the characteristics of trust and also strong support for the goals and values of the company, have a very strong will to work to achieve company goals and always put yourself as part of the company. Organizational commitment is something important because if employees are committed and will be willing to serve the company then they will strive persistently to achieve company goals. One effort to increase employee commitment to the company is to increase employee job satisfaction. High job satisfaction will make employees more committed to the company. Satisfied employees will not work with full creativity and always support the policies and decisions taken by the company. Employees with high commitment are expected to be able to provide high performance.

Job satisfaction is a form of emotional attitude that is pleasant and loves the work being handled (Abdurrahmat, 2006). Job satisfaction in work is job satisfaction that can be obtained from good work, placement, treatment, and good working environment conditions. Employees who get job satisfaction in their work will prioritize their work rather than the remuneration/wages they get from the job. However, employees will feel more satisfied if their remuneration is proportional to the work done (Abdurrahmat, 2006). According to Handoko (2019), job satisfaction is one of the variables that can affect employee work productivity. A similar opinion was also conveyed by Supriyanto and Machfudz, (2017) that jobs that provide job satisfaction for employees are fun jobs to do.

The satisfaction felt by employees at work is an indication that employees feel happy in doing their jobs. Job satisfaction is also a positive attitude of employees towards various situations in the workplace. For an organization, one of the tasks of the leader is to increase employee job satisfaction. As for employees, job satisfaction is one of the factors to improve performance. Thus in the scope of human resource management, job satisfaction factors will provide benefits for both the company and employees. Job satisfaction for an employee is a very important factor because the satisfaction he gets will also determine a positive attitude towards work. Therefore, this study aims to analyze the effect of organizational commitment on employee performance, organizational commitment on job satisfaction and organizational commitment on employee performance through job satisfaction.

2. Literature Review and Hypotheses
2.1 Employee Performance
Hasibuan (2016) argues that performance is a work achieved by a person in carrying out the tasks assigned to him based on competence, experience and seriousness and time. This opinion is supported by Widodo (2016) who states that performance is the result of a person's work against targets that must be achieved or tasks that must be carried out.
within a certain period of time. Rivai (2015) argues that employee performance is one of the success factors in achieving company goals (Rivai, 2015). Furthermore, Mangkunegara (2016) states that performance is the result of work in quality and quantity achieved by an employee in completing his work in accordance with the responsibilities attached to him. Performance is a condition that must be confirmed to certain parties so that they understand the level of achievement of work results as expected by an organization. From several empirical studies, it can be seen that there are some factors affecting employee performance such as organizational commitment (Susanto and Ratna, 2015; Osa and Amos, 2014; Folorunso et al., 2014) and job satisfaction (Abdulkhalil and Mohammadali, 2018; Laosebikan et al., 2018). Employee performance really needs to get the company's attention because if an employee's performance drops then the employee feels uncomfortable to work at the company and this can lead to an intention to leave the company. As stated by Suyono et al (2020) that turnover intention is very dangerous for companies, even more dangerous than the real turnover.

To find out the performance of employees, it is necessary to conduct a performance appraisal at least once a year. Setting performance standards is a core issue for performance measurement. As'ad (2015) argues that the first thing that is needed is a measure of success and which part is considered very important in a job. However, to determine the measure of success is very difficult because often a job is very complex, so it is difficult to determine the exact size of the output. A similar opinion was expressed by Gomes (2016) which stated that: Performance appraisal is a way of measuring the contributions of employees as members of the organization to their organization. So, this performance appraisal is used to determine the level of employee contribution to the organization. Performance appraisal provides an important mechanism for management to use in rewarding and motivating employee performance improvements in the future. This performance appraisal generally covers all aspects of the execution of the work. Furthermore, Gomes (2016) argues that in performance appraisal there are 3 types of criteria, namely (1) performance appraisal based on results, (2) performance appraisal based on behavior, (3) performance appraisal based on judgment.

Notoatmojo (2015) explains that a good assessment must be able to describe a measurable level of accuracy. For this reason, three things need to be considered in conducting a performance assessment as described below:
1. Assessment must be job related. This assessment system assesses behavior or work that supports the activities of the company where the employee works.
2. The existence of performance standards. Implementation standards used to measure work performance related to the desired results of each job. A good measuring instrument must meet at least two criteria, namely validity and reliability. A tool with high validity if it is able to measure what should be measured and the results are constant.
3. Practical. The appraisal system should be easy to understand and understand and use by both raters and employees.

### 2.2 Organizational Commitment

Robbins (2015) states that organizational commitment is defined as a condition in which an employee sided with a particular organization and its goals, and intends to maintain membership in that organization. High commitment can be interpreted that employee loyalty to the organization is very high. Griffin (2017) states that organizational commitment is an attitude that reflects the extent to which an individual knows and is bound to his organization. Employees who feel more committed to the organization have reliable habits, plan to stay longer in the organization, and put more effort into work. Nasution (2017) states that organizational commitment is the bond between an individual and an organization and dedicates himself to the achievement of the organization's mission. So, organizational commitment is the attitude of employees to remain in the organization and be involved in efforts to achieve the company's mission, values and goals. Commitment is a more concrete form of loyalty that can be seen from the extent to which employees devote their attention to ideas and responsibilities in the company's efforts to achieve organizational goals.

According to Greenberg (2015) the forms of organizational commitment are:
1. Affective Commitment is the strong desire of a person to work for an organization or company because he agrees with the goals of the organization and wants to do it.
2. Continuance Commitment is a person's strong desire to continue his work for the organization because he needs the job and cannot do other work.
3. Normative commitment is the strong desire of a person to continue his work for the organization because he feels obligated from others to be maintained.

Commitment to employees does not just happen, but through a process that is so long and gradual. Employee commitment to the organization is also determined by a number of factors, Sopiah (2015) identifies three factors that influence organizational commitment, namely:
1. Personal characteristics of performance, including tenure in the organization, and the variety of needs and desires of each employee.
2. Job characteristics, such as task identity and opportunities to interact with coworkers.
3. Work experience, such as the reliability of the organization in the past and the way other workers express and talk about their feelings about the organization.

Organizational commitment arises gradually in the employee's personality. Starting from a personal need for the organization, then moving into a shared need and a sense of belonging from members (employees) to the organization. Wursanto (2015) suggests that the sense of belonging from members (employees) to their group can be seen in the following ways:
1. The existence of loyalty from members to other members.
2. The existence of loyalty of members to the group.
3. Willingness to sacrifice sincerely from members for the survival of the group.
4. There is a sense of pride from group members when the group gets reproach, whether it is done by individuals or other groups.
5. The existence of good intentions from group members to maintain the good name of the group under any circumstances.

Kharis (2010) suggests several indicators of organizational commitment, including:
1. Willingness of Employees. The willingness of employees is the concern and willingness of an employee to uphold his commitment to the organization. This employee's willingness arises on the basis of their love for the organization, friends in the organization or because of other factors that support the employee to commit to the organization.
2. Employee Loyalty. Companies really want employee loyalty to the organization, because loyalty to each of its employees will create a sense of loyalty and of course the employee will remain in the organization even though there is an offer for them to move to another company.
3. Pride of Employees in the Organization. Feeling proud of employees towards the organization is a goal in the organization because the sense of pride that arises because of love and loyalty to the organization and supported by a sense of responsibility for their work will create a sense of pride in the organization.


H1: organizational commitment affects employee performance

2.3 Job Satisfaction
According to Hariandja (2016) job satisfaction is defined by the extent to which individuals feel positively or negatively various factors or dimensions of the tasks in their work. Meanwhile, according to Hasibuan (2016). Job satisfaction is an emotional attitude that is pleasant and loves his job. This attitude is reflected by work morale. Job satisfaction itself can be interpreted as the result of a conclusion based on a comparison of what employees actually receive from their work compared to what is expected, desired and thought to be appropriate or entitled to them (Gomes, 2016). Job satisfaction at work is job satisfaction enjoyed at work by obtaining praise for work, placement, treatment, equipment, and a good working environment. Employees who prefer to enjoy job satisfaction at work will prioritize their work over remuneration even though remuneration is important. Satisfaction outside of work is employee job satisfaction that is enjoyed outside of work with the amount of remuneration that will be received from the results of his work, so that he can buy his needs. Job satisfaction in the combination of inside and outside work is job satisfaction which is reflected by a balanced emotional attitude between remuneration and the implementation of work. Employees who enjoy a combination of job satisfaction inside and outside of work will feel satisfied if the work results and remuneration are felt to be fair and appropriate.

According to Yulk (2015) several theories about job satisfaction can be grouped into three types, namely what is referred to as a) discrepancy theory, b) equity theory, and c) two factor theory. Discrepancy theory measures a person's job satisfaction by calculating the difference between how much of something there should be and how much there is now. A person's job satisfaction depends on the discrepancy between the value of the desired expectations, with what according to his feelings or perceptions he has achieved or obtained from his work. Thus, people will feel satisfied if there is no difference between the desired and their perception of reality, because the desired minimum limit has been reached. If what is obtained is greater than desired, then people will be satisfied again even though there is discrepancy,
but it is a positive difference. On the other hand, the farther the perceived reality is below the minimum standard, negative discrepancy will occur, and the greater the dissatisfaction of a person with work. Equity theory was first developed by Yulk (2015). The principle of this theory is that people will feel satisfied or dissatisfied depending on whether or not they will feel equity in a situation obtained by comparing themselves with other people in the same class, office or elsewhere. The elements of this theory can be grouped into three, namely input, outcome, comparison, and equity-in-equity elements. What is meant by input according to Yulk (2015) is as follows: input is anything of value that and employee perceives that he contributes to his job. that can support the implementation of work. For example inputs are education, experience, skills, business, equipment, and others). Outcome is anything of value that the employee perceives he obtains from the job, for example wages, additional status symbol benefits, recognition, opportunities for achievement or self-expression. While the comparison person can be interpreted as the feelings of someone in the same company, or in another place, or it could be with himself in the past.


H2: organizational commitment has an effect on job satisfaction.
H3: job satisfaction affects employee performance
H4: organizational commitment affects employee performance through job satisfaction

4.1 Discriminant Validity
Ghozali (2014) explain that discriminant validity can be known by looking at the average variant extracted (AVE) value for each indicator, the required value must be > 0.5 for a good model.

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>0.815</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.793</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.796</td>
</tr>
</tbody>
</table>

The data presentation in table 1 above shows that the AVE value of organization commitment, employee performance, and job satisfaction are > 0.5. So it can be stated that each variable has good discriminant validity.

4.2 Composite Reliability
A variable can be declared to meet composite reliability if it has a composite reliability value > 0.6 (Ghozali, 2014). Composite Reliability is the part that is used to test the reliability value of indicators on a variable. The following is the composite reliability value of each variable used in this study:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>0.957</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.950</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.951</td>
</tr>
</tbody>
</table>

From the table above, it can be said that the variables of organizational commitment, employee performance, and job satisfaction have good composite reliability. This is because all of these variables have a composite reliability value > 0.6.

**4.3 Cronbach Alpha**

The reliability test with the composite reliability above can be strengthened by using the Cronbach alpha value. A variable can be declared reliable or meets cronbach alpha if it has a cronbach alpha value > 0.7 (Eisingerich and Rubera 2010). The following is the cronbach alpha value of each variable:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>0.943</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.935</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.936</td>
</tr>
</tbody>
</table>

From the table 3 above, it can be seen that the Cronbach alpha value of all variables are bigger than 0.7. Thus these results indicate that all variables have met the requirements for the Cronbach alpha value. Therefore it can be concluded that all variables have a high level of reliability.

**4.4 Path Coefficient**

Path coefficient evaluation is used to show how strong the effect or influence of the independent variable on the dependent variable. Meanwhile, coefficient determination (R-Square) is used to measure how much the endogenous variable is influenced by other variables. Ghozali (2018) stated that the R2 result of 0.67 and above for endogenous latent variables in the structural model indicates that the effect of exogenous variables (which influence) on endogenous variables (which are influenced) is in the good category. Meanwhile, if the result is 0.33 - 0.67 then it is in the medium category, and if the result is 0.19 - 0.33 then it is in the weak category.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational commitment -&gt; Employee Performance</td>
<td>0.369</td>
</tr>
<tr>
<td>Organizational commitment -&gt; Job Satisfaction</td>
<td>0.330</td>
</tr>
<tr>
<td>Job Satisfaction -&gt; Employee Performance</td>
<td>0.306</td>
</tr>
</tbody>
</table>

The greatest path coefficient value is the influence of organizational commitment on employee performance, which is 0.369. Then the second biggest influence is the influence of organizational commitment on job satisfaction of 0.330. While the smallest effect is the effect of job satisfaction on employee performance of 0.306.

**4.5 Hypothesis Testing**

Based on the data processing that has been done, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out by looking at the T-Statistics value and the P-Values value. The research hypothesis can be stated as accepted if the P-Values value is < 0.05 (Yamin and Kurniawan, 2011). The following are the results of hypothesis testing obtained in this study through the inner model:
Table 5. Uji Hypothesis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Correlation</th>
<th>T-statistics</th>
<th>P-Values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Organizational commitment -&gt; employee performance</td>
<td>2.818</td>
<td>0.005</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Organizational commitment -&gt; employee satisfaction</td>
<td>2.017</td>
<td>0.044</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Employee satisfaction -&gt; employee performance</td>
<td>2.449</td>
<td>0.015</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Organizational commitment -&gt; employee satisfaction -&gt; employee performance</td>
<td>2.254</td>
<td>0.027</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

From table 5 above it can be seen that the effect of organizational commitment on employee performance has a P value of 0.005 or less than 0.05. So it can be concluded that organizational commitment has a significant effect on employee performance. The effect of organizational commitment on employee satisfaction has a P value of 0.044 or less than 0.05. So it can be concluded that organizational commitment has a significant effect on employee engagement. The effect of employee satisfaction on employee performance has a P value of 0.015 or less than 0.05. So it can be concluded that employee satisfaction has a significant effect on employee performance. The effect of organizational commitment on employee performance through employee satisfaction has a P value of 0.027 or less than 0.05. It can be concluded that employee satisfaction can significantly mediate the effect of organizational commitment on employee performance.

5. Conclusion

The results showed that organizational commitment had an effect on employee performance. This is based on the results of hypothesis testing where the P value of organizational commitment on employee performance is less than 0.05, which means organizational commitment has a significant effect on employee performance. The more positive the organizational commitment, the higher the employee's performance. Vice versa, the more negative the organizational commitment, the lower the employee's performance. The results showed that organizational commitment had an effect on employee satisfaction. This is based on the results of hypothesis testing where the P value of organizational commitment to employee satisfaction is less than 0.05, which means organizational commitment has a significant effect on employee satisfaction. This means that the better the organizational commitment, the better employee satisfaction will be. The results of the study indicate that employee satisfaction has an effect on employee performance. This is based on the results of hypothesis testing where the P value of employee satisfaction on employee performance is less than 0.05, which means that employee satisfaction has a significant effect on employee performance. This means that the more positive employee satisfaction, the more positive impact on employee performance. Conversely, the more negative employee satisfaction, the more negative impact on employee performance. The results showed that employee satisfaction mediates the effect of organizational commitment on employee performance. This is based on the results of hypothesis testing where the P value of organizational commitment to employee satisfaction and employee performance is less than 0.05, which means that employee satisfaction mediates the effect of organizational commitment on employee performance.

References


Biographies

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