



The Role of Organizational Commitment in Mediating the Effect of Job Satisfaction and Compensation on Employee Performance at The Ongan & Kimi Sushi

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Abstract—This research aims to analyze the role of organizational commitment in mediating the effect of job satisfaction and compensation on employee performance at the Ongan & Kimi Sushi. The sample in this research is the entire population of 30 people. This research uses a Likert scale to measure variables when testing the validity and reliability of variables. Data collection techniques used in this research are observation, interviews, and surveys. This research uses Partial Least Square (PLS) analysis. The results of the research indicate (1) job satisfaction has a positive and significant effect on organizational commitment, (2) compensation has a positive and significant effect on organizational commitment, (3) job satisfaction has a positive and significant effect on employee performance, (4) compensation has a positive effect and significant effect on employee performance, (5) organizational commitment has a positive and significant effect on employee performance, (6) organizational commitment does not mediate the relationship between job satisfaction and employee performance, and (7) organizational commitment partially mediates the relationship between compensation and performance employee.

Keywords: compensation; employee performance; job satisfaction; organizational commitment

I. INTRODUCTION

In the current era of the industrial revolution 4.0, companies or business entrepreneurs are expected to be able to maintain their position and be able to compete with their competitors. In realizing this, every company must have competent, qualified, and professional human resources to achieve the desired goals. Human resources are the main asset for a company that are active planners and actors in various activities within the company. Human resources is a science or a way of managing relationships and the role of resources (labour) owned by individuals efficiently and effectively and can be used optimally so that the company, employees and society can achieve the maximum (Bintoro & Daryanto, 2017).

The role of human resources becomes increasingly important when it is associated with global developments full of competition between companies. One of the ways that companies do in facing competition is by empowering and exploring all the potential of their human resources to the fullest. In line with this, a company needs to increase its attention to the quality of its employees, both in terms of the quality of knowledge and skills, career and level of welfare, to improve employee achievement and performance to give all their abilities in achieving company goals.

Employee performance significantly affects the development of a company. Performance is the level of success of employees in completing their work. Performance is a manifestation of ability in the

form of actual work or is the result of work achieved by employees in carrying out tasks and jobs that come from the company (Priansa, 2017).

The Ongan & Kimi Sushi is a Jimbaran grilled fish restaurant located in the capital Denpasar. This restaurant has a variety of menus, namely Balinese, Indonesian, Chinese, and Japanese cuisine. There is also a meeting room that can be rented out to visitors who want to hold a meeting, a playground that can be used as a place for children to play, and a picnic area that can be enjoyed by visitors with a nice and pretty river view. The use of social media is used as the most effective and efficient marketing tool to survive and thrive in the face of business competition.

One measure of a company's success in this increasingly fierce competition is to earn profits through achieving targets and increasing sales volume. Employee performance is a key to the company's success, as well as the company's ability to attract and retain customers. The better the employee's performance, the company's goals will be achieved, whereas if the employee's performance decreases, it will hinder the realization of company goals.

The realization of product sales at The Ongan & Kimi Sushi Restaurant in 2021 has not reached the product sales target set by the company. Sales targets have not been achieved indicating the ability of employees is not optimal in realizing the number of products sold at The Ongan & Kimi Sushi Restaurant. This condition means the increasing difference between the target and the realization achieved. The inability of employees to work determines the level of success of the company, so the company has not been able to obtain maximum profit. The following is the sales target data and realization of The Ongan & Kimi Sushi products.

Companies in carrying out their business operations need employees who have excellent performances in contributing, developing, and improving the company. Companies need to pay attention to employee organizational commitment that reflects the attachment to the company, can meet organizational goals and maintain loyalty to the company. Employees who have high organizational commitments will improve their performance.

According to Kaswan (2017), organizational commitment is a measure of an employee's willingness to stay with a company in the future. Employees who have a high

commitment to their company will continue to strive to develop themselves to improve the quality of their work, which will ultimately support the development of the company in the future.

According to Muis et al. (2018), organizational commitment can be interpreted as a strong will as a member of the organization, which reflects employee performance in the organization and is a continuous process of expressing concern for its success and progress to remain in the organization. Studies conducted by Permata (2017); Padmanegara (2018) and Mardiyana & Riana (2019) show that organizational commitment has a positive and significant effect on mediating the impact of job satisfaction on employee performance. Studies conducted by Azikin et al. (2019); Sulastris (2020) and Triwahyuni & Ekowati (2017) show that organizational commitment has a positive and significant impact in mediating the effect of compensation on employee performance.

Many factors can affect employee performance, one of which is job satisfaction. Employee job satisfaction can significantly affect aspects of company life related to organizational commitment and performance (Gunawan et al., 2018). Job satisfaction is a positive attitude of the workforce towards feelings and behaviour towards work through evaluating one job as a sense of respect in achieving one of the main values of work (Afandi, 2018).

Studies conducted by Destari (2017), Padmanegara (2018), Mardiyana & Riana (2019), Prawira & Suwandana (2019) and Nasution (2021) show that job satisfaction has a positive and significant effect on organizational commitment and the performance of the employee. In addition to the phenomenon above, there is a gap between previous research, namely research conducted by Narasuci et al. (2018) which states that job satisfaction does not affect lecturer performance and Adhan et al. (2020) states that job satisfaction does not support lecturer performance when mediated through organizational commitment. In addition to job satisfaction, compensation also affects employee performance. Compensation is essential for employees because the amount of compensation is a measure of the value of the employee's work itself. According to Hasibuan & Malayu (2017), compensation is all income in the form of money, or goods directly or indirectly received by employees in return for

services provided to the company.

Studies conducted by Ridwan (2018), Manurung (2020), Permatasari (2020), Armantari et al. (2021) and Majid (2021) show that compensation has a positive and significant effect on employee performance. Meanwhile, research conducted by Aromega et al. (2019) and Sulastri (2020) shows that compensation does not affect employee performance. Based on the background and the previous studies above, this study aims to analyze the role of organizational commitment in mediating the effect of job satisfaction and compensation on employee performance at Ongan & Kimi Sushi.

Table 1. Target Data and Realization of Product Sales of The Ongan & Kimi Sushi in 2021

Month	Product Sales Target (Unit)	Realization of Product Sales (Unit)	Percentage of Product Sales (%)
January	25,000	14,250	57
February	25,000	15018	60
March	25,000	12025	48
April	25,000	10,369	41
May	25,000	11024	44
June	25,000	11,821	47
July	25,000	11,967	48
August	25,000	12,890	52
September	25,000	15,074	60
October	25,000	15,622	62
November	25,000	18,981	76
December	25,000	16,342	65

(Source: The Ongan & Kimi Sushi)

II. CONCEPT AND HYPOTHESIS

Factors that influence employee performance include organizational commitment, job satisfaction and [compensation](#). These factors are considered likely to influence the improvement of the performance of The Ongan & Kimi Sushi employees. This study examines organizational commitment (Y1) as a mediation effect of job satisfaction (X1) and compensation (X2) on employee performance (Y2).

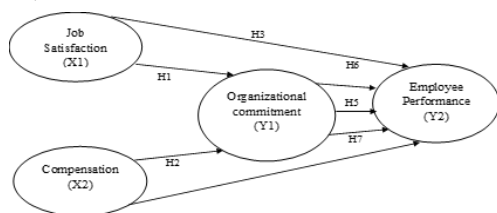


Figure 1. Conceptual Framework

The hypothesis in this study are:

H1 : Job satisfaction has a positive and significant effect on employee organizational commitment

H2 : Compensation has a positive and significant effect on employee organizational commitment

H3: Job satisfaction has a positive and significant effect on employee performance

H4 : Compensation has a positive and significant effect on employee performance

H5: Organizational commitment has a positive and significant effect on employee performance

H6 : The role of organizational commitment mediates the effect of job satisfaction on employee performance

H7 : The role of organizational commitment mediates the effect of compensation on employee performance

III. METHODS

This research was conducted at The Ongan & Kimi Sushi which is located at Jalan Noja Saraswati No. 12A Denpasar. The Ongan & Kimi Sushi is a Jimbaran grilled fish restaurant located in the capital Denpasar. This restaurant has a variety of menus, namely Balinese, Indonesian, Chinese and Japanese cuisine. There is also a playground and a nice view of the river which is the main attraction and advantage of The Ongan & Kimi Sushi. Exogenous constructs often referred to as stimulus variables, are fixed in Indonesian and are often referred to as independent variables, namely variables that influence or become the cause or change or emergence of the dependent variable (Sugiyono, 2019). The exogenous constructs in this study are job satisfaction (X1) and compensation (X2). The endogenous construct is often referred to as the output variable and is often referred to as the dependent variable. The dependent variable is the variable that affects and is the result of the independent variable (Sugiyono, 2019). The endogenous constructs in this study are organizational commitment (Y1) and employee performance (Y2), where organizational commitment is also an endogenous intervening construct. The population of this study was all 30 employees of The Ongan & Kimi Sushi. This research used sampling techniques that saturated sampling or called a census. According to Sugiyono (2019), saturated sampling is a

sampling technique in which all members of the population are sampled, usually, if the population is relatively small, less than 30, or the researcher wants to make generalizations with trivial errors. Another term for a saturated sample is a census, where the entire population is sampled. Based on the explanation above, the sample used in this study is the entire population, namely all employees of The Ongan & Kimi Sushi, totalling 30 employees. Data collection techniques used in this study were observation, interviews and surveys. The research instrument was tested using validity and reliability tests. Determining the data scale used to measure the instrument in this study uses a Likert scale. This research uses the descriptive analysis method and inferential analysis. In analyzing the influence between exogenous variables and endogenous variables this study used Partial Least Square (PLS).

IV. RESULTS AND DISCUSSION

Data analysis in this study used the Partial Least Square (PLS) analysis tool. The analysis process includes the outer model and the inner model.

Evaluation of the measurement model (outer model) is carried out through several approaches, namely.

Convergent Validity

The results showed that all indicators that make up the research construct have an outer loading value greater than 0.50 and are statistically significant at the 0.05 level so they are said to be valid in terms of Convergent validity criteria. The calculation results can be seen more clearly in figure 2 and figure 3.

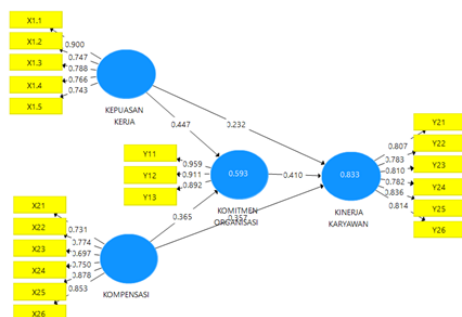


Figure 2. Outer loading and path coefficient between constructs

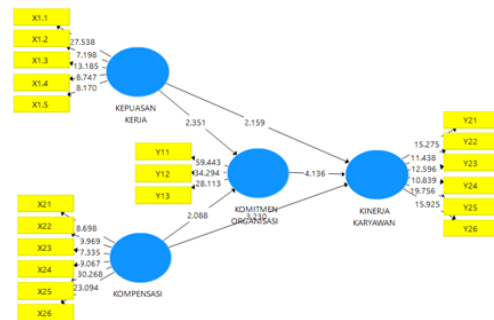


Figure 3. Bootstrapping/Statistical Test of Relationships Between Constructs

Discriminant Validity

Research results show that all construct indicator indices in each block show a higher value than other constructs in the same block. So that it meets the valid requirements in terms of discriminant validity criteria.

Composite Reliability And Cronbach Alpha

Research results show that the Composite reliability and Cronbach alpha values of all constructs meet the reliability requirements, namely with each index value greater than 0.70.

Evaluation of the structural model (inner model) is carried out through several approaches, namely.

Structural Model Evaluation Through R-Square (R2)

The results showed that the R-Square value of employee performance of 0.833 was included in the strong model criteria, meaning that job satisfaction, compensation and organizational commitment were able to explain variations in the performance of 83.30 percent, while the remaining 14.70 percent was explained by variations in other variables outside the research model.

Structural Model Evaluation through Q-Square Predictive Relevance (Q2)

The calculation results produce an employee performance Q2 value of 0.496. Likewise, Q2 organizational commitment of 0.469 is a strong model. This means that the estimation model built in this study has a good level of prediction accuracy.

Structural Model Evaluation through Goodness of Fit (GoF)

These results indicate that the model used is a large model, meaning that the model meets the requirements as a fit model.

PathHypothesis Analysis and Testing

Table 2. Path Analysis and Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	STDEV	T Stat	P Values
Job Satisfaction -> Employee Performance	0,232	0,219	0,107	2,159	0,031
Job Satisfaction -> Organizational Commitment	0,447	0,435	0,190	2,351	0,019
Organizational Commitment -> Employee Performance	0,410	0,398	0,099	4,136	0,000
Compensation -> Employee Performance	0,357	0,382	0,111	3,230	0,001
Compensation -> Organizational Commitment	0,365	0,364	0,175	2,088	0,037

(Source: Research Results 2022)

The calculation results in Table 2 can be explained as follows.

Job satisfaction has a positive and significant effect on employee performance, meaning that as job satisfaction increases, employee performance also increases significantly ($\beta = 0.232$; $P \leq 0.05$).

Job satisfaction has a positive and significant effect on organizational commitment, meaning that as job satisfaction increases, organizational commitment also increases significantly ($\beta = 0.477$; $P \leq 0.05$).

Organizational commitment has a positive and significant effect on employee performance, meaning that as organizational commitment increases, employee performance will improve significantly ($\beta = 0.410$; $P \leq 0.05$).

Compensation has a positive and significant effect on performance, meaning that as compensation increases, the performance also increases significantly ($\beta = 0.357$; $P \leq 0.05$).

Compensation has a positive and significant effect on organizational commitment, meaning that as compensation increases, organizational commitment also increases significantly ($\beta = 0.365$; $P \leq 0.05$).

Organizational Commitment mediates in part (partial mediation) the relationship between compensation and employee performance. This can be seen from the direct relationship between compensation and performance (Table 4.) is significant, as well as the indirect relationship between compensation and performance through organizational commitment is also significant (Table 3.)

Table 3. Indirect Relationship between Job Satisfaction and Compensation on Employee Performance through Mediation of Organizational Commitment

	Original Sample (O)	STDEV	T Stat	P Values
Compensation -> Organizational Commitment -> Employee Performance	0,150	0,070	2,135	0,033
Job Satisfaction -> Organizational Commitment -> Employee Performance	0,183	0,099	1,845	0,066

(Source: Research Results 2022)

Table 4. Direct Relationship between Job Satisfaction and Compensation on Employee Performance through Mediation of Organizational Commitment

	Original Sample (O)	STDEV	T Stat	P Values
Job Satisfaction -> Employee Performance	0,415	0,123	3,370	0,001
Job Satisfaction -> Organizational Commitment	0,447	0,190	2,351	0,019
Organizational Commitment -> Employee Performance	0,410	0,099	4,136	0,000
Compensation -> Employee Performance	0,506	0,118	4,294	0,000
Compensation -> Organizational Commitment	0,365	0,175	2,088	0,037

(Source: Research Results 2022)

Organizational commitment does not mediate the relationship between job satisfaction and performance. This can be seen from the direct relationship between job satisfaction and performance (Table 4.) which is significant, but the indirect relationship between job satisfaction and employee performance through organizational commitment is not significant (Table 3.).

Based on the results of data processing that have been described in the analysis results, this section describes the discussion as follows.

The Effect of Job Satisfaction on Organizational Commitment

The results of calculating job satisfaction on organizational commitment indicate that job satisfaction has a positive and significant effect on organizational commitment. The results of the study indicate that the higher the job satisfaction, the more significant the organizational commitment is, and vice versa, the worse the job satisfaction, the lower the organizational commitment.

The Effect of Compensation on Organizational Commitment

The results of calculating compensation for organizational commitment indicate that compensation has a positive and significant effect on organizational commitment. The results of the study indicate that the higher the compensation given, the organizational

commitment also increases significantly, and vice versa, the worse the compensation, the lower the organizational commitment.

The Effect of Job Satisfaction on Employee Performance

The results of calculating job satisfaction on employee performance indicate that job satisfaction has a positive and significant effect on employee performance. The results of the study indicated that the higher the job satisfaction, the better the employee's performance, and vice versa, the worse the job satisfaction, the lower the employee's performance.

The Effect of Compensation on Employee Performance

The results of the calculation of compensation on employee performance indicate that compensation has a positive and significant effect on employee performance. The results of the study indicate that the higher the compensation, the employee's performance also increases significantly, and vice versa, the worse the compensation, the lower the employee's performance.

The Effect of Organizational Commitment on Employee Performance

The results of calculating organizational commitment to employee performance indicate that organizational commitment has a positive and significant effect on employee performance. The results of the study indicate that the higher the compensation, the employee's performance also increases significantly, and vice versa, the worse the organizational commitment, the lower the employee's performance.

The Role of Organizational Commitment Mediates the Effect of Job Satisfaction on Employee Performance

Based on the test results regarding the mediating role of organizational commitment on the effect of job satisfaction on performance, shows that organizational commitment does not mediate the relationship between job satisfaction and employee performance. This can be seen from the direct relationship between job satisfaction and employee performance, but the indirect relationship between job satisfaction and employee performance through organizational commitment is not significant.

The Role of Organizational Commitment Mediates the Effect of Compensation on Employee Performance

Based on the test results regarding the mediating role of organizational commitment on the effect of compensation on performance, shows that organizational commitment mediates a partial (partial mediation) of the relationship between compensation and employee performance. This can be seen from the direct relationship between compensation on employee performance is significant, as well as the indirect relationship between compensation on employee performance through organizational commitment is also significant.

V. CONCLUSION

Based on the description and results of the research analysis, the following research conclusions can be drawn: 1) Job satisfaction has a positive and significant effect on organizational commitment, meaning that as job satisfaction increases, organizational commitment also increases significantly. 2) Compensation has a positive and significant effect on organizational commitment, meaning that as compensation is increased, organizational commitment also increases significantly. 3) Job satisfaction has a positive and significant effect on employee performance, meaning that when job satisfaction increases, employee performance also increases significantly. 4) Compensation has a positive and significant effect on employee performance, meaning that as compensation increases, employee performance also increases significantly. 5) Organizational commitment has a positive and significant effect on employee performance, meaning that as compensation increases, employee performance also increases significantly. 6) Organizational commitment does not mediate the relationship between job satisfaction and employee performance. 7) Organizational commitment mediates partially (partial mediation) the relationship between compensation on employee performance.

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