

## **THE INFLUENCE OF REWARD SYSTEM, JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT TOWARDS JOB PERFORMANCE IN CV. SURYA**

**Regina Abigail<sup>1</sup>, Charly Hongdiyanto<sup>2</sup>**

Universitas Ciputra Surabaya  
INDONESIA  
Email: charly@ciputra.ac.id

### **ABSTRACT**

*This research is a quantitative research type with the data collection method using a questionnaires. The object in this study was CV. Surya and the subject used in this study were employees within the company. The results of this research is for analyzing the most effective influence in this company to improve employee work performance in it. And after that the company can form strategies and make decisions on how to improve employee performance in the future. So that employees in the company increasingly have high motivation to work and provide the best for the company that will have a positive impact on the company and its employees.*

**Keywords:** Reward System, Job Satisfaction, Organizational Commitment, Turnover, Job Performance

### **Introduction**

CV. Surya is one of the manufacturing companies in Indonesia that engaged in manufacturing apparel. CV. Surya itself have been established since 2008 and located in Surabaya and Malang. This company produces baby clothing with various brands such as Tamashii, Fukushii and Takkyu. CV. Surya currently have a total of 42 permanent employees and 4 outsourcing employees. Every year CV. Surya always experience employee turnover each year, and in 2015 and 2017 the employee turnover rate was higher than before. CV. Surya has tried to overcome this turnover problem by outsourcing other workers outside the company. However, with the addition of outsourced employees it seems that they still show unfavorable results. The turnover problem leads to the less stable production of finished goods in the company. This condition is also due because some employees will be transferred to another branch or given a new task to cover the task of the terminated employees so that employee would do 2 tasks at the same time and the employee cannot focus on their first task because they must learn new skills to cover the work of the employee who comes out. This causes the time required in production longer, because each employee has not yet mastered the skills due the shift on their job.

One of the problems that CV. Surya is facing are the high number of turnover employees which ultimately affects work performance and productivity in the company. Job satisfaction is one of the reason of the employee's turnover in CV. Surya. With the lack of job satisfaction within the employee, it will affect the job's outcome and it cannot be maximized because the rewards that they expect by doing the job are not in accordance with what the company offers. High level of commitment with no job satisfaction later on will demotivate employees.

Accomplishing the best possible employee job satisfaction and organizational commitment, with the purpose to avoid inefficiency, turnover and absenteeism that can reduce the company's bottom line is vital. (Manap, 2017: 544-545). Because high job performance as a result from the employee's satisfaction, be valued by reward and their commitment towards the organization. Low satisfaction in CV. Surya's employees affect the employee's commitment towards the organization which was also one of the causes of the turnover which eventually led to their performance towards the company. CV. Surya itself have been trying to improve the work performance of employees by giving motivations. However, the current year-end production result indicates that these methods have not been successful enough. The researcher focus on 3 things that affect job performance which are job satisfaction, reward system and organization commitment.

### *Reward System*

According to Sastrohadiwiryo (2002) in Sufro (2015) reward is a honorarium that is given by the company to their employee, because those employee have given their energy physically and mentally for the advancement of the company for achieving the assigned goal.

Reward is believed to be one of the determining factor to motivate employees to increase productivity thus giving a good performance. There are three indicators that are used to measure reward system that applied for CV. Surya and they are equivalent with Marihot's opinion in Yudhaningsih et al. (2016) which is:

1. Salary, reward of service in the shape of money that received based on the period.
2. Incentives, giving extra money to an employee that did his/her work above the standard.
3. Allowance, giving money to ensure the employee's wellbeing.

### *Job Satisfaction*

Job satisfaction is the result of a person's behavior of their work result in an organization that could affect commitment, motivation, work spirit, productivity or a person's achievement ( Darmawan, 2013:57-58), Luthans (2006:244-245) in Sunuharjo et al.(2016:39-40) states that there are factors that will impact job satisfaction:

1. The job itself, Covers job skills, providing important tasks.
2. Payment, Payment seen as a reflection on how a company sees an employee's contribution to its company.
3. Promotion, Chances of a promotion have a wide impact to job satisfaction.
4. Supervision, Two dimensional supervision, which is: a) employee centeredness is measured with the personal interest to an employee that is showed by supervising their job result, advices and a good communication. b) Participation: allowing someone participating and making decisions that would impact their work.
5. Mood of a workplace, The mood of workplace between colleagues, their bond and work's condition that supports a clean, orderly and comfortable conditions.

### *Organization Commitment*

Luthans in Fauzi (2016: 5) stated organizational commitment is behavior that reflect employee's loyalty toward organization and an ongoing process where the member of the organization to express their attention to an organization, an organization's success and ongoing improvements. Fitriani in Maulana et al. (2015) identified that organizational commitment as:

1. Being a part of the organization.
2. Proud with the organization.
3. Concern with the organization.
4. Strong desire to work on the organization.
5. Strong believe in the organization's values.
6. Strong will to achieve more for the organization.

### *Job Performance*

Job performance is the way employees perform their work. Job definition according to Robbins (2008) in Fauza (2016) defines that performance that is a result achieved by employee in their work according to a certain criteria that is valid for a specific job. Job performance can be a benchmark

assessment of the ability of employees in completing their work within the company. According to Mangkunegara (2013) the indicators of work performance are follows:

1. Quality, Quality is the level of result of a product that is produced by each individual without having any defects at the end of the production line.
2. Quantity, Quantity is the number of product that will be produce by the employees.
3. Task Execution, Task execution is how far the employees able to do their job accurately without any mistake.
4. Responsibility, Responsible with the job is awareness and duty to doing the work the company provides.

### **Research Methods**

This type of research uses quantitative research in which data have been obtained from the results of questionnaire will be analyzed statistically using multiple linear reference analysis method. According Sugiyono (2015: 13), quantitative methods can be interpreted as research methods based on philosophy positivism, used to examine the population or a particular sample, data collection using research instruments, statistical data analysis with the aim of testing the hypothesis that has been set. The type of data used in this study is the primary data taken from the questionnaire. Data collection method using questionnaire technique where the research instrument that used is Likert scale.

According to Kuncoro (2013: 172) a measurement scale is said to be valid if it is able to do what it should and be able to measure what should be measured. Validity test is done by using Pearson correlation between each of indicators and the total value of all indicators, if the value of significance less than or equal to 0.05 then the measurement scale is declared valid. According to Siregar (2014) reliability meant for knowing how far the measurement stays consistent, if a measurement is done twice or more to the same phenomenon with using the same measuring tools. Reliability test is done with Cronbach's Alpha  $\geq 0.7$  then the measurement scale is considered reliable.

The process of data analysis in this study using multiple linier regression analysis method. According Ghozali (2013: 96) linear regression is used to measure the strength of the relationship between two or more variables to explain the relationship between independent variables with the dependent variable.

For the research tests, writer use Simulants Significance Test (F Statistics test) which aims to determine whether the independent variables have a mutual influence on the dependent variable and Parsial Significance Test (t Statistics test) which aims to show whether independent variables individually affect the dependent variable. Coefficient of Correlation (R) and Coefficient of Determination (R<sup>2</sup>) is used to measure how big the linear relationship of the independent variable to the dependent variable. Classical Assumption Tests are also used in this research.

### **Results**

#### *Company Overview*

CV. Surya was established since 2008 and was located in Surabaya and Malang. The factory in Surabaya was located in Raya Darmo Permai 2 No. 18B, while the factory in Malang was located in Pulosari Timur 1 No. 1. This company has its own brand such as Tamashii, Takkyu and Fukushii. The clothes models that is produced by this company is daily wear of baby clothing such as long-sleeved clothes, long pants, tees, short pants and others which tend to be basic and simple. Product distribution of this company has been around Indonesia especially in Java Island. Other than having its own brand, this company also receive service of producing baby clothing's for other brands and other baby clothing stores. Thus this company is specialized in producing clothes for babies. By using random sampling method to gain the corresponding sample, 41 employees of CV. Surya is asked to fill questionnaire that is provided regarding the influence of reward system, job satisfaction and organizational commitment towards job performance. Data that were used in this research was taken from the questionnaire that was filled by the employees.

#### *Descriptive Statistic*

1. Respondent's Age; most of the respondents of this research are employees who aged between 21 - 30 years. This shows that the company is dominated by employees who are still in the age of 21 until 30. And the age of employees in this company can be said to include productive age.
2. Respondent's Working Period; majority employees that have worked in CV. Surya for less than

2 years. This shows that the company has recently recruited employees in recent years so that the current condition of the company is dominated by new employees.

*Descriptive Respondents' Answer*

The descriptive respondents' answers shows the respondents' answer for indicators 1<sup>st</sup> and 3<sup>rd</sup> they choose between strongly disagree until strongly agree. But for the 2<sup>nd</sup> indicators the respondents answers is in between disagree to agree. The total mean of respondent's answer in reward system's indicators are 3.260. Based on the result shows, that reward system is in neutral category because the total mean are between 2.61 to 3.40. Besides, the mean of the indicators in this variable is nearly the same. Based on this table shows that the 3<sup>rd</sup> indicator in reward system had the highest standard deviation with the total of 0.9455. It can be concluded that the 3<sup>rd</sup> indicator are more distributed or balanced rather than indicator 1 with the total of 0.7994.

*Job Satisfaction*

The total mean of respondent's answer in reward system's indicators is 3.724. Based on the result shows that reward system is in agree category, because the total mean are between 3.41 until 4.20. Based on this table shows that the 4<sup>th</sup> indicator in job satisfaction had the highest standard deviation with the total of 1.0187. And the 6<sup>th</sup> indicator of job satisfaction has the lowest standard deviation with the total of 0.6852. It can be concluded that indicator 4<sup>th</sup> are well distributed rather than the 6<sup>th</sup> indicator.

*Organizational Commitment*

The total mean is 3.797 which shows that organizational commitment is in agree category. The 1<sup>st</sup> indicators has the lowest standard deviation which means the respondents' answers are mostly focused in one point of answer, which it was the scale of 4. While the highest value of standard deviation came from the 2<sup>nd</sup> indicator with the value of 0.8518. With higher standard deviation, it shows that the distribution of the answer is more balanced rather than the 2<sup>nd</sup> indicator.

*Job Performance*

The total mean of the indicators are shows that job performance is in neutral category, since it's between 2.61 until 3.40. The 4<sup>th</sup> indicator has the highest standard deviation, which means its well distributed comparing to the 3<sup>rd</sup> indicator with the total standard deviation of 0.640. This shows that 3<sup>rd</sup> indicator is mostly focused in one point of answer which was scale of 3 with 59% out of 100%.

*Validity and Reliability Test*

According to Kuncoro (2013), the significant correlation value of Pearson correlation of an item is categorized valid if the value less or equal 0.05. All of the variables' Sig. (2 tailed) value is lesser than 0.05, which shows that the variables are valid. The entire variable are also shows reliable because of the value of Cronbach Alpha shows the total reliability of 0.918 which are greater than 0.7.

*Multiple Regression Analysis*

**Table 1. Multiple Linear Regression**

| Coefficients <sup>a</sup> |                             |            |                           |      |      |
|---------------------------|-----------------------------|------------|---------------------------|------|------|
| Model                     | Unstandardized Coefficients |            | Standardized Coefficients | t    | Sig. |
|                           | B                           | Std. Error | Beta                      |      |      |
| (Constant)                | ,530                        | ,562       |                           | ,943 | ,352 |

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|   |                           |      |      |      |       |      |
|---|---------------------------|------|------|------|-------|------|
| 1 | REWARD SYSTEM             | ,330 | ,123 | ,420 | 2,670 | ,011 |
|   | JOB SATISFACTION          | ,331 | ,227 | ,286 | 1,461 | ,153 |
|   | ORGANIZATIONAL COMMITMENT | ,128 | ,199 | ,104 | ,645  | ,523 |

Source: Processed Data (2018)

From Table 1, shows that the Constanta ( $\alpha$ ) as big as 0.530, that is to say if reward system, job satisfaction and organizational commitment scores 0, then job performance score at the level of 0.530. The coefficient regression variable reward system (X1) as much as 0.330, which means if reward system experience an increase, then job performance would then experience increase too. This is because they have a positive relation, thus if one of the variable increases, so would job performance.

Table 1 shows that the coefficient regression variable job satisfaction is 0.332, and because coefficient result is positive, it could be concluded that a connection between job satisfaction and job performance have a positive relation. And if one of the variable increases, then the other variable would increase too. The coefficient organizational commitment also shows positive connection with the result 0.128, thus it could be summarized if organizational commitment in a company increases, and it would have an impact towards the increase of job performance because they have positive relation.

*Simulants Significance Test (F Statistics test)*

**Table 2. F Test Result ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df | Mean Square | F      | Sig.              |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1     | Regression | 9,610          | 3  | 3,203       | 13,286 | ,000 <sup>b</sup> |
|       | Residual   | 8,921          | 37 | ,241        |        |                   |
|       | Total      | 18,530         | 40 |             |        |                   |

Source: Processed Data(2018)

According to Table 2, it shows that test result on the impact of variable reward system, job satisfaction and organizational commitment simultaneously towards job performance is 13.286 with Significant as much as 0.000. This shows that F value is bigger than F table that is

3.245. Which means reward system, job satisfaction and organization commitment all together have significant impact towards job performance of CV. Surya's employee.

*Parsial Significance Test (t Statistics test)*

**Table 3. Parsial Significant Test (t Test) Coefficients<sup>a</sup>**

| Model |                  | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                  | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)       | ,530                        | ,562       |                           | ,943  | ,352 |
|       | Reward System    | ,330                        | ,123       | ,420                      | 2,670 | ,011 |
|       | Job Satisfaction | ,331                        | ,227       | ,286                      | 1,461 | ,153 |

|                           |      |      |      |      |      |
|---------------------------|------|------|------|------|------|
| Organizational Commitment | ,128 | ,199 | ,104 | ,645 | ,523 |
|---------------------------|------|------|------|------|------|

Source: Processed Data(2018)

### *Coefficient of Correlation (R) and Coefficient of Determination (R<sup>2</sup>)*

**Table 4. Coefficient of Correlation and Coefficient of Determination Test**

| Model Summary <sup>b</sup> |           |          |                            |
|----------------------------|-----------|----------|----------------------------|
| Model                      | R         | R Square | Std. Error of the Estimate |
| 1                          | ,720<br>a | ,519     | ,49102                     |

Source: Processed Data(2018)

According to test result of coefficient of correlation, R value is 0.720 from Table 4. This shows that there is a strong relation between independent and dependent variable because the result is close to 1. The R<sup>2</sup> is 0.519, which show that contribution effect from independent variable towards dependent variable is 51.9%. Thus this could be concluded that job performance is affected by reward system variable, job satisfaction and organizational commitment, while the other 48.1% is affected by other variable that isn't studied in this research.

### *Classical Assumption Test*

For the classical assumption test; the result of Multicollinearity test, Normality test, Heteroskedasticity test and Linearity test, all shows that the result are acceptable.

## **Discussion**

### *The influence of reward system towards job performance*

The coefficient value in the influence of reward system towards job performance has positive value based on the multiple linear regression test which is 0.330. So if there is enhancement in the reward system it will affect the increase in job performance. Based on the result of hypothesis testing using t-test in the influence of reward system towards job performance shows there is influence because the value is 0.011 which is smaller than 0,05. It can be conclude that the first hypothesis is accepted.

The results of this research indicate that the level of satisfaction of employees in CV. Surya is actually quite high with a mean of 3,724 accompanied by current job performance conditions. So that with high job satisfaction does not still influence the job performance of employees in the company. This can be seen from the level of satisfaction from the respondent's answer which mostly choosing agree in each indicator. And with satisfaction it still cannot drive production results within the company.

Previous research done by Aslam et al (2015) on Impact of Compensation and Reward System on The Performance of an Organization: an Empirical Study on Banking Sector of Pakistan, also supported the same outcome to this research. In that research shows the most significant variable is reward and compensation system, because it shows great effect on the performance of employees. This research also accepted the idea that the reward and compensation system gives positives relation towards job performance.

### *The influence of job satisfaction towards job performance*

The variable of job satisfaction to reward system has the coefficient value of 0.331. Which shows there is positive relation because of the positive value, this value shows that positive relationship between job satisfactions towards job performance. However, based on the result of hypothesis testing using t-test on job satisfaction towards job performance shows there is no influence because the value is 0.153 which is bigger than 0,05. And it can be concluded that the second hypothesis is rejected. Thus rejecting the

researcher second question.

From the results of the respondents' research it can be seen from the total mean that the organizational commitment variables are quite high, and it can be concluded that the level of organizational commitment of employees to the company is quite high and they agree. However, this shows that with a high level of organizational commitment within the company does not provide a relationship or influence the performance of work in this company. From the results of the respondents in this research, it can be seen from the total mean that the organizational commitment variables are quite high and from the results most of the respondent answer agree, and it can be concluded that the level of organizational commitment of employees to the company is quite high. However, this shows that with a high level of organizational commitment within the company does not provide a relationship or influence the performance of work in this company. This result is supported by previous research by Rahmawati (2015) on The Influence of Job satisfaction towards Organizational Commitment and Job Performance & Service Performance. In the analysis result from the research shows that there is also no significant influence between job satisfaction to job performance.

#### *The influence of organizational commitment towards job performance*

In the relationship between organizational commitment to job performance has positive coefficient value based on the multiple linear regression test which is 0.128. This shows that there is positive relationship between this variable. However, based on the result on t-test that has purpose to test the hypothesis shows that there is no influence between organizational commitment towards job performance since the result value is 0.523 which is bigger than 0.05. It can be concluded that the third hypothesis is rejected and also the researcher third question. This result is also supported by previous research by Marsoit et al (2017) on The Effect of Training, Work Discipline and Organization Commitment to Performance Employee at Pt. Asuransi Jasa Indonesia. The result of the research also found that organizational commitment has no significant influence towards job performance. According to previous research by Rahmawati (2015) on The Influence of Job satisfaction towards Organizational Commitment and Job Performance & Service Performance. In the research's analysis result also shows there is positive yet not significant enough to have influence on organizational commitment towards job performance.

#### *Conclusion*

1. Reward system has positive and significant influence towards job performance in CV. Surya.
2. Job Satisfaction has positive yet not significant influence towards job performance in CV. Surya.
3. Organizational commitment has positive yet not significant influence towards job performance in CV. Surya.

#### *Suggestion*

1. For the director of the company: To understand the influence of reward system, job satisfaction and organizational commitment towards job performance, and can form effective system to improve the work performance of employees in the company.
2. For the researcher: To understand the influence of reward system, job satisfaction and organizational commitment towards job performance. And also to have knowledge and form effective system that would be useful in run this company.
3. For the reader: To understand the influence of reward system, job satisfaction and organizational commitment towards job performance. And also can give knowledge and can be their references for future research.

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