

Effect of Compensation, Career Development on the Performance of Employees Through Job Satisfaction as Intervening Variable (Case Study at PT. Bank Syariah Mandiri in Indonesia)

Yoan Purnama

Former Master of Management Student, Mercu Buana University, Jakarta, Indonesia

M. Ali Iqbal, M.Sc

A Senior Lecturer in the Master in Management Program, Mercu Buana University, Jakarta, Indonesia

Abstract

This study aims to analyze the effect of compensation, career development on employee performance through job satisfaction as an intervening variable. The object of this study was 54 respondents who filled out the questionnaire, with non-probability sampling techniques or saturated techniques. The research method used includes quantitative research and the partial least square (PLS) as a tools of analysis .The results of this study indicate that compensation has a direct and significant effect on job satisfaction. Compensation has a direct and significant effect on employee performance. Career development has a direct and significant effect on job satisfaction. Career development has a direct and significant effect on employee performance. Job satisfaction has a direct and significant effect on employee performance. There is no indirect effect of compensation on employee performance through job satisfaction. There is an indirect effect of career development on employee performance through job satisfaction.

Keywords: Compensation, Career Development, Job Satisfaction, Employee Performance

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1. Introduction

An organization or company hopes will undergo changes, which leads to progress and development for the better. Each company will try to improve and develop the company by organizing various activities to improve the performance of employees. The existence of these activities, it is expected the company will achieve the company's goal is to make a profit (profit-oriented). Employees are the most important part in achieving the company's goals.

Performance as attainment or individual achievement with regard to the tasks assigned to them, the performance can also be viewed as a combination of the work (what should be achieved by a person) and competence (how does one achieve it) Marwansyah (2014: 228). The work in accordance with the objectives of the company will depend on the results of the employee. The employee's performance is influenced by several factors: internal factors and external factors. Internal factors are factors associated with a person's traits, including attitudes, personality traits, physical characteristics, desire or motivation, age, sex, education, work experience, cultural background and other personal variables variables. External factors are factors that affect the performance of employees who come from the environment,

The performance of employees in the organization is an important part, not the exception for employees in Mandiri Syariah Bank area Pondok Kelapa in Indonesia. There are problems that the decline in the performance of employees in terms of achievement of targets each year. The performance table Mandiri Syariah Bank area Pondok Kelapa can be seen in Table 1.1.

Table 1.1 Corporate Performance

Year	31 December	Target Position December 31	GAP thd Target	percentage%
2016	877,196.67	930,070.32	-52,873.65	94.32%
2017	894,377.61	1,026,237.50	-131,859.89	87.15%
2018	963,600.75	1,062,069.66	-98,468.91	90.73%

(Source: Dashboard PT Syariah Mandiri Bank Area Pondok Kelapa)

From the table of financing the achievement of PT Bank Syariah Mandiri area Pondok Kelapa during the last 3 years were not achieve the target of realisation. In 2016 target achievement of PT Mandiri Syariah Bank area Pondok Kelapa only reached 94.32%, which means that the performance of PT Mandiri Syariah Bank is far from achieving the target. While in 2017, the achievement of PT Mandiri Syariah Bank area Pondok Kelapa happened lowering returns of 87.15%, also did not reach the target in 2018 amounted to 90.73%, which is far from the target set by the management. So the researchers are interested in examining the performance of PT Bank Syariah Mandiri area Pondok Kelapa.

1.2. Research purposes

The purpose of this empirically as follows:

- 1) Analyzing the effect of compensation on the performance of employees of PT. Bank Syariah Mandiri Area Pondok Kelapa
- 2) Analyzing the influence of career development on employee performance of PT. Bank Syariah Mandiri Area Pondok Kelapa
- 3) Analyzing the influence of compensation on employee job satisfaction PT. Bank Syariah Mandiri Area Pondok Kelapa
- 4) Analyzing the influence of career development on employee job satisfaction PT. Bank Syariah Mandiri Area Pondok Kelapa
- 5) Analyzing the effect of job satisfaction on the performance of employees of PT. Bank Syariah Mandiri Area Pondok Kelapa
- 6) Analyzing indirect relationships compensation on the performance through job satisfaction
- 7) Analyzing indirect relationship career development on the the performance through job satisfaction

2. LITERATURE REVIEW

2.1. Compensation

Simamora H (2007: 442) defines "compensation include financial rewards and nirwujud services and benefits received by employees as part of an employment relationship. Compensation is what is received by the employees in exchange for their contributions to the organization".

Purnamasari I in his research in 2013 showed that the compensation has an effect on Job Satisfaction Employee At PT. Eliza Parahyangan Sub Branch Garut. Rahayu NMN and I Gede R (2017) in their research at Amaris Hotel Legian showed that compensation is positive and significant effect on job satisfaction. Osibanjo OA et al 2014 showed that that there is a significant correlation between salary, bonus, allowance on employee performance. Hameed et.al (2014) doing research in Pakistan banking sector showed that a significant effect between wages and employee performance. Fauzi U (2014) in his research showed that financial compensation have a significant impact on the performance and non-financial compensation does not have a significant effect on performance. Dzamil MMz and Dadan Z (2018) showed that compensation has positif effect and significant to employees performance.

2.2. Career development

According to Handoko (2001: 123) Career is all work or position in the handle or on hold during a person's working life. Thus the career development of the employees indicate in individual in the hierarchy or rank that can be achieved during the period of employment in an organization.

Career of an employee held during the life of someone in a job, a career development within the hierarchy can affect employee satisfaction. As disclosed Sobia Shujaat et. al, 2013 in his research on Career Impact of Employee Satisfaction in Private Banking Sector Karachi, it showed that employee satisfaction depends on career development opportunities in their respective organizations in the banking sector. Akhwanul A et.al (2018) showed that career development in Tanjung Morawa plantation companies have the positive effect on employee satisfaction.

As expressed by Dewi NPAA and I Wayan MU (2016) in his research showed career development and a significant positive effect on employee performance. Kudsi MR et. al (2017) in their study showed that career development proved positive and significant effect on the performance of employees at PT Prudential Life Assurance Branch Samarinda. Saleem Dr. S and Saba A (2013) in their research showed that career development has positif effect to performance. Jumawan and Martin TM (2018) in their study showed that the most variable influencing employee performance is the career development.

2.3. Job satisfaction

Richard L.H at.al (2012: 312.337) confirms that job satisfaction or feelings associated with a person's attitude about the work itself, pay, promotion opportunities or education, supervision, co-workers, workload and others. Ahmed AM et al (2017) in their study showed that job satisfaction has a significant influence on employee performance. In line the research above, Adigun AO et al (2017) in their research showed that job satisfaction has a positive and significant impact on employee performance.

2.4. Performance

According to Marwansyah (2014: 228) defines performance as the achievement or achievement of someone regarding the tasks assigned to him, performance can also be seen as a combination of work results (what must be achieved by someone) and competence (how someone achieves it). Ombayo JA et.al (2013) said that the more often employees get job training the higher their work productivity. According to Marwansyah (2014: 234),

performance problems in organizations can be caused or caused by many factors. These factors can be grouped into four main causes of the following performance problems namely knowledge or skills, environment, resources and motivation. The dimensions of performance according to Gomes (2003: 134) such as quality of work, including the accuracy, expertise and excellence in work, quantity of work, includes many forms dproses, the length of time spent and the number of errors made, job knowledge, understanding employee about the facts or factors related to work and personal qualities, including personality, appearance, sosioabilitas, leadership and integrity.

2.5. Framework

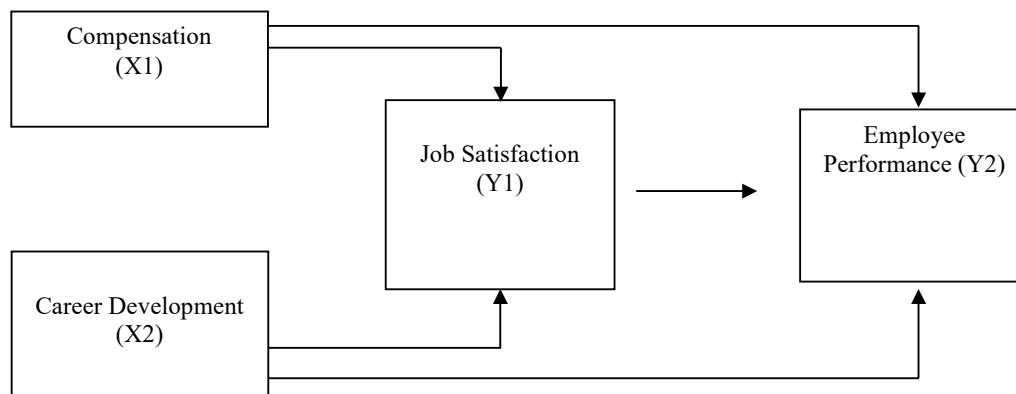


Figure 2.1 Research Framework

2.6. Hypothesis

based on reviews the theory and frame of the above, here is the hypothesis proposed in this research:

- H1: Compensation directly influence performance
- H2: Career development directly influence performance
- H3: Compensation directly influence job satisfaction
- H4: Career development directly influence Job Satisfaction
- H5: Job Satisfaction directly influence performance
- H6: Compensation has indirect effect to performance through job satisfaction
- H7: Career has indirect effect to performance through job satisfaction.

3. METHODOLOGY

In this research using descriptive analysis using quantitative approach with causal associative design, to search for and examine the relationship between variables namely Compensation (X1), Career Development (X2), job satisfaction (Y1), and employee performance (Y2). Opinion Arikunto (2002) is supported by Sugiyono (2012) states, the greater the number of samples approaching the population the chance of generalization error is getting smaller, otherwise the smaller the sample size away from the population, the greater the generalization error. Number of samples of 54 people. The analysis in quantitative analysis by using Partial Least Square.

4. RESULTS AND DISCUSSION

4.1 Flowchart

The theoretical model that has been built is described in a path diagram is as follows:

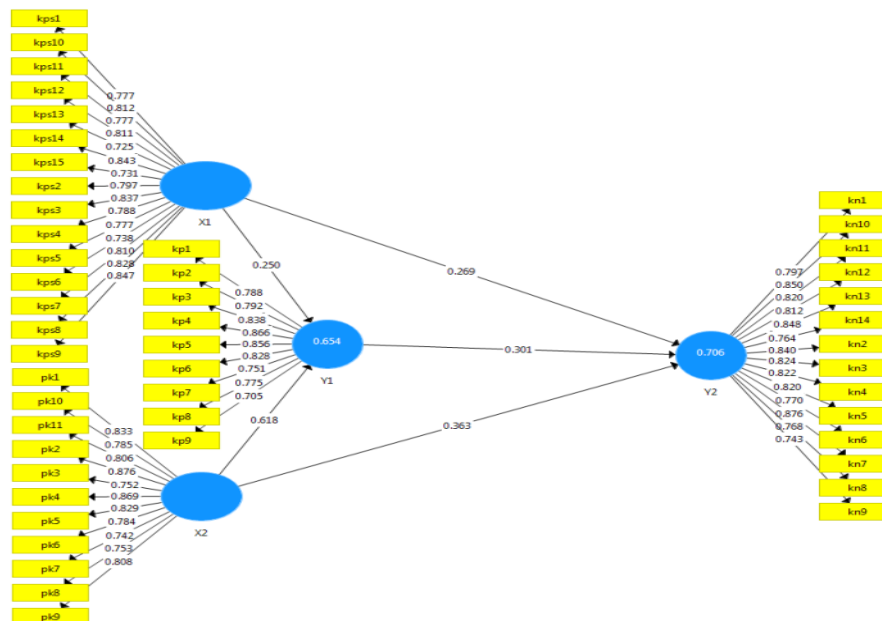


Figure 4.1 Flowchart

Source: The data is processed using the Smart PLS (2019)

Results of the diagram shows that all criteria have been met. For more details, comparison values can be seen

Table 4.1 Validity Test (Test Convergent Validity)

variables	item	Loading Factor	Information
Compensation	item 1	0.777	valid
	item 2	0.797	valid
	item 3	0.837	valid
	item 4	0.788	valid
	item 5	0.777	valid
	item 6	0.738	valid
	item 7	0.810	valid
	item 8	0.828	valid
	item 9	0.847	valid
	item 10	0,812	valid
	item 11	0.777	valid
	item 12	0.811	valid
	item 13	0.725	valid
	item 14	0.843	valid
	item 15	0.731	valid
Career development	item 1	0,833	valid
	item 2	0.876	valid
	item 3	0.752	valid
	item 4	0.869	valid
	item 5	0.829	valid
	item 6	0.784	valid
	item 7	0.742	valid
	item 8	0,753	valid
	item 9	0.808	valid
	item 10	0.785	valid
	item 11	0,806	valid
Satisfaction	item 1	0.788	valid
	item 2	0.792	valid
	item 3	0.838	valid
	item 4	0.866	valid
	item 5	0.856	valid

variables	item	Loading Factor	Information
	item 6	0.828	valid
	item 7	0,751	valid
	item 8	0.775	valid
	item 9	0.705	valid
performance	item 1	0.797	valid
	item 2	0.840	valid
	item 3	0.824	valid
	item 4	0.822	valid
	item 5	0.820	valid
	item 6	0.770	valid
	item 7	0.876	valid
	item 8	0.768	valid
	item 9	0.743	valid
	item 10	0.850	valid
	item 11	0.820	valid
	item 12	0,812	valid
	item 13	0,848	valid
	item 14	0.764	valid

Source: The data is processed using the Smart PLS (2019)

Based on the above test results known to all study variables loading factor values > 0.5. Thus it can be concluded that this is a valid research instrument.

4.2. Test Reliability (Composite Reliability and Cronbach Alpha)

Reliability testing results (Composite Reliability and Cronbach Alpha) is as follows:

Table 4.2 test Reliability

variables	composite Reliability	Cronbach Alpha	Information
Compensation	0.962	0.958	reliable
Career development	0.953	0.945	reliable
Satisfaction	0.942	0.930	reliable
performance	0.964	0.960	reliable

Source: The data is processed using the Smart PLS (2019)

Results of testing the reliability of the above shows all grades Composite Reliability and Cronbach Alpha > 0.7. Therefore we can conclude this research instrument can be trusted to use as a data collector or an instrument of this research is reliable.

4.3. Discriminant Test Validity

Table 4.3 Discriminant Test Validity

Variables	AVE	Information
Compensation	0.630	Well
Career development	0.647	Well
Satisfaction	0.642	Well
Performance	0.659	Well

Source: The data is processed using the Smart PLS (2019)

The test results demonstrate the value of root discriminant validity Extrated Variance Average (AVE) > 0.5. Thus it can be concluded that the size of the convergent validity was good, meaning that the latent variables can explain the mean average more than half a variant of the indicators.

4.4. Inner Test Model

Testing inner structural model or models made to look at the relationship between the constructs. As more testing will be presented as follows:

Table 4.4. R-Square

matrix	R Square	R Square Adjusted
Y1	0.654	0.640
Y2	0.706	0.689

Source: The data is processed using the Smart PLS (2019)

The table above can be explained as the following points.

- a. The effect of variable compensation and career development to the satisfaction. Based on the above test results obtained value of R-Square is 0.654. The test results also showed that the ability of variable variation compensation and career development to satisfaction 65.4% while 34.6% is explained by other variables outside the model.
- b. The effect of variable compensation, career development and satisfaction to employee performance. The above test results demonstrate the value of R-Square is 0.706. The test results also showed that the ability of variation of variable compensation, career development and satisfaction the performance of employees amounted to 70.6%, while 29.4% is explained by other variables outside the model.

4.5. Hypothesis

Table 4.5. Direct Impact Against Independent Variables Dependent Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O / STEDEV)	P Values
X1 → Y1	0.250	0.271	0.122	2,041	0,046
X1 → Y2	0.269	0,287	0.090	2,991	0,004
X2 → Y1	0.618	0.605	0.104	5.957	0,000
X2 → Y2	0,363	0.368	0.120	3.028	0,004
Y1 → Y2	0.301	0,266	0.136	2,209	0,031

Source: The data is processed using the Smart PLS (2019)

- 1) Effect of compensation against complacency
 The above test results obtained t value of 2.041 and a significance value of 0.046. The significance value 0,046 < 0,05 so Ho rejected and Ha accepted means there is a significant direct effect on satisfaction variable compensation.
- 2) Effect of compensation to employee performance
 The above test results obtained t value of 2.991 and a significance value of 0.004. Significance value 0,004 < 0,05 so Ho rejected and Ha accepted means there is a significant direct effect of variable compensation to employee performance.
- 3) The influence of career development to the satisfaction
 The above test results obtained t value of 5.957 and a significance value of 0.000. The significance value 0,000 < 0,05 so Ho rejected and Ha accepted means there is a significant direct effect on the satisfaction variables career development.
- 4) The influence of career development on employee performance
 The above test results obtained t value of 3.028 and a significance value of 0.0004. Significance value 0,004 < 0,05 so Ho rejected and Ha accepted means there is a significant direct influence on the performance of the variable employee career development.
- 5) Effect of satisfaction to employee performance
 The above test results obtained t value of 2.209 and a significance value of 0.031. The significance value 0,031 < 0,05 so Ho rejected and Ha accepted means there is a significant direct influence on employee performance satisfaction variables.

Table 4.6. Indirect Influence Of Independent Variables Dependent Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O / STEDEV)	P Values
X1 → Y1	-	-	-	-	-
X1 → Y2	0.075	0.076	0.056	1,336	0.187
X2 → Y1	-	-	-	-	-
X2 → Y2	0.186	0.159	0,084	2.207	0,032
Y1 → Y2	-	-	-	-	-

Source: The data is processed using the Smart PLS (2019)

Based on the analysis above can be explained the following:

- 1) The indirect effect of compensation on employee performance through Job Satisfaction
 The above test results obtained t value of 1.336 and a significance value of 0.187. The significance value 0.187 > 0,05 so Ho accepted meaning no indirect effect on employee performance compensation through job satisfaction.
- 2) The indirect effect of career development on employee performance through Job Satisfaction
 The above test results obtained t value of 2.207 and the value signify Kansu at 0.032. The significance value 0,032 < 0,05 so that Ho refused or Ha received means there is no direct influence on the performance of the employee's career development through job satisfaction.

5. CONCLUSION

5.1 Practical Implications

The results showed that the career development of the most powerful influence on satisfaction and also the performance of employees. This means that with an increase in the career development of the employees will get their job satisfaction in PT Mandiri Syariah Bank. Companies can improve career development through various dimensions such as, ask for promotion, career satisfaction, promotional information, awareness and providing opportunities employer job.

5.2 Theoretical Contributions

Compensation has positive and significant effect on job satisfaction. This is in line with research Purnamasari I (2013) showed that there is the influence and significance of compensation to employee satisfaction at PT. Eliza Parahyangan Sub Branch Garut. Rahayu NMN and I Gede R (2017) in their research at Amaris Hotel Legian showed that compensation is positive and significant effect on job satisfaction.

Compensation has positive and significant effect on employee performance. This is consistent with previous research conducted by Osibanjo OA et al (2014) showed that there is a significant correlation between salary, bonus, allowance on employee performance. Hameed et.al (2014) doing research in Pakistan banking sector showed that a significant effect between wages and employee performance. Fauzi U (2014) in his research showed that financial compensation have a significant impact on the performance.

Career development is positive and significant effect on job satisfaction. This is in line with research by Akhwanul et. al. (2018) showed that career development in Tanjung Morawa plantation companies have the positive effect on employee satisfaction.

Career development is positive and significant effect on employee performance. This is consistent with previous research by Dewi NPAA and I Wayan MU (2016) in their research showed that career development has a significant positive effect on employee performance. Kudsi MR et. al (2017) in their study showed that career development proved positive and significant effect on the performance of employees at PT Prudential Life Assurance Branch Samarinda.

Job satisfaction and significant positive effect on employee performance. It is in line with previous research by Ahmed AM et al (2017) in their study showed that job satisfaction has a significant influence on employee performance. In line the research above, Adigun AO et al (2017) in their research showed that job satisfaction has a positive and significant impact on employee performance.

5.3 Research limitations

This study did not include other variables that influence job satisfaction such as motivation and work environment. Also in this study only examined only one area so it is not generalizable to the overall bias Mandiri Syariah Bank in Indonesia.

5.4 Future Research Direction

In the future, this study was developed not only examine the branch area, but more than other Branch Area, so that the results can be generalized to PT Bank Syariah Mandiri in Indonesia.

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