

Research Article

The Effect of Integrity and Compensation on Organizational Performance through Job Satisfaction as a Variable of Mediation in Pt. Puji Bijak Prestasi

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Abstract: This research is to examine and analyze the integrity and compensation of organizational performance through job satisfaction at PT Puji Bijak Prestasi. The population and study sample were all company employees as many as 122 people. The sampling technique uses a saturated sample technique with data analysis using path analysis. The results showed that integrity variables affect organizational performance partially. The work compensation variable influences partially organizational performance. Job satisfaction variables partially affect organizational performance. Integrity variables affect job satisfaction partially. The compensation variable influences job satisfaction partially. The effect of integrity on organizational performance is 0.581. The effect of integrity on performance through job satisfaction is $0.676 \times 0.868 = 0.585$. In this case, the indirect effect is greater than the direct effect so it can be said that the job satisfaction variable is intervening. The effect of worker's compensation on organizational performance through job satisfaction is $0.767 \times 0.868 = 0.672$. In this case, the direct effect is smaller than the indirect effect so it can be said that the job satisfaction variable is intervening.

Keywords: integrity and compensation, job satisfaction, organizational performance.

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INTRODUCTION

One of the problems in the company is improving organizational performance. According to Sinambela (2012), organizational performance is cumulative employee performance, therefore the higher the employee's performance the higher the organizational performance. Meanwhile, according to Nasucha in (Sinambela, 2012), organizational performance is also defined as the effectiveness of the organization as a whole to meet the needs set by each group regarding systemic efforts and continuously improve the organization's ability to achieve their needs effectively.

Based on some of the opinions above it can be concluded that the essence of organizational performance is a picture of the results of the work of collaborative activities among members of the organization to achieve organizational goals that have been determined.

Performance is a multidimensional construct that includes many factors that influence it. According to Armstrong and Baron (Wibowo, 2016), the factors that affect performance are personal/individual factors, including knowledge, skills, abilities, self-confidence,

motivation, and commitment possessed by each individual. Leadership factors, including quality in providing encouragement, enthusiasm, direction, and support given by managers and team leaders. Team factors, including the quality of support and enthusiasm provided by colleagues in a team, trust in fellow team members, cohesiveness and closeness of team members. System factors, including work systems, work facilities or infrastructure provided by the organization, organizational processes and organizational performance culture. Contextual situational factors, including pressures and changes in the external and internal environment.

Performance appraisal is one of the ways that can be done by management to fulfill its obligations to funders and also to achieve the goals set by the company. Performance is a general term used for part or all of the actions or activities of an organization in a period concerning standard amounts such as past or projected costs, based on efficiency, responsibility or accountability of management and the like.

In this study organizational performance is influenced by integrity, compensation and job satisfaction. Integrity is consistency and unwavering

determination in upholding noble values and beliefs. Another definition of integrity is a concept that points to consistency between actions and values and principles. In ethics, integrity is interpreted as honesty and the truth of one's actions. Opponents of integrity are hypocrisy or hypocritical. A person is said to have "integrity" if his actions are following his values, beliefs, and principles (Wikipedia). Simply put, the character of a person of integrity is marked by only words and actions, not by someone whose words cannot be held. A person who has integrity is not a human type with many faces and appearances that are adjusted to his motives and interests. Integrity becomes a key character for a leader. A leader who has integrity will get the trust of his employees. Leaders with integrity are trusted because what they say becomes their actions.

Compensation also affects organizational performance. Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Hasibuan, 2012: 54). Compensation in the form of money, meaning that salaries are paid in cash to the employee concerned. Compensation in the form of goods, meaning salaries paid with goods.

Compensation is a term related to financial rewards (received by people through their employment relations with an organization. Generally, the form of compensation is financial because of the monetary expenses incurred by the organization. Compensation can be directly given to employees, or indirectly, where employees receive compensation in nonmonetary forms.

LITERATURE REVIEW

1. Integrity

Integrity is consistency and unwavering determination in upholding noble values and beliefs. Another definition of integrity is a concept that points to consistency between actions and values and principles. In ethics, integrity is interpreted as honesty and the truth of one's actions. Opponents of integrity are hypocrisy (hypocritical or hypocritical). A person is said to have "integrity" if his actions are following his values, beliefs, and principles (Wikipedia). Simply put, the character of a person of integrity is marked by only words and actions, not by someone whose words cannot be held. A person who has integrity is not a human type with many faces and appearances that are adjusted to his motives and interests. Integrity becomes a key character for a leader. A leader who has integrity will get the trust of his employees. Leaders with integrity are trusted because what they say becomes their actions.

Understanding Integrity is a way of thinking, saying, behaving and acting properly and correctly and upholding the code of ethics and moral principles. In the Big Indonesian Dictionary, the notion of integrity is: (1) the quality, character, or condition that shows a

unified whole so that it has the potential and ability to exude authority; (2) honesty. If it is related to organizational integrity, the meaning is the integrity of employee's moral and ethical principles in organizational life. Integrity is not only interpreted but more importantly, how to strengthen the implementation of a culture of integrity in the organizational environment, specifically related to performance and risk management.

Integrity is one of the most important/key attributes that a person must possess. Integrity is a concept related to consistency in the actions, values, methods, measurements, principles, expectations and various things produced.

2. Compensation

Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Hasibuan, 2012: 54). Compensation in the form of money, meaning that salaries are paid in cash to the employee concerned. Compensation in the form of goods, meaning salaries paid with goods.

Compensation is a term relating to financial rewards received by people through their employment relationship with an organization. In general, the form of compensation is financial because of monetary expenditure carried out by the organization. Compensation can be given directly to employees, or indirectly, where employees receive compensation in non-monetary forms.

For organizations or companies, compensation is important because compensation reflects the organization's efforts to maintain and improve the welfare of its employees. Experience shows that inadequate compensation can reduce work performance, work motivation, and job satisfaction, and can even cause potential employees to leave the company. So it can be said that compensation (salary and wages) will affect employee performance.

In the form of business in general, meant by wages is a substitute for services for workers who carry out tasks in the company that are not permanent. While salaries are used as a substitute for services for permanent workers.

According to Handoko (2005: 155) compensation is everything that employees receive as compensation for their work. Meanwhile, according to Simamora (2008: 442) defines "Compensation includes financial rewards and intangible services and benefits received by employees as part of the employment relationship. According to Aritonang (2005: 2) compensation is all income in the form of money or goods directly or indirectly received by employees in return for services provided to agencies.

According to Ranupandojo (2002: 10) which states that: "Compensation includes the activities of providing compensation to employees. The activities here include determining the compensation system that can encourage employee performance, and also determining the amount of compensation to be received by each employee".

3. Job Satisfaction

Job satisfaction is the level of pleasure a person feels for his role or work in the organization. The level of satisfaction of individuals that they get the right reward from various aspects of the work situation of the organization where they work. So job satisfaction concerns the psychological individual in the organization, which is caused by the condition he feels from his environment.

Handoko (2000: 193-194) suggests that job satisfaction is a pleasant or unpleasant emotional state with employees looking at their work. The time/length of completion is a reflection of one's feelings towards his work. This can be seen from the positive attitude of employees towards work and everything in the environment.

The level of job satisfaction is one of the factors that influence job performance because that ultimately affects the effectiveness of the organization. And also employee job satisfaction is not enough to just be given incentives, but employees also need motivation, recognition from superiors for the results of their work, work situations that are not monotonous and the opportunity to initiate and be creative.

Resources consist of human resources, facilities, and infrastructure as well as financing, which determine the success of an organization to carry out its duties or operate well in achieving its objectives. An important aspect that supports success is none other than the availability of adequate resources. In line with that Notoatmojo (2012) argues that: the development of a nation requires basic assets called resources both natural resources and human resources.

These two sources are very important in determining the success of an organization's nation-building. From the resources available in the organization, human resources play a central and important role in determining. Without reliable human resources, the processing, use, and utilization of other resources will be ineffective, inefficient and productive. In such circumstances, it is not surprising that well-defined organizational goals and programs will only remain difficult to realize properly and correctly.

Thoha (2010: 98) states that the model developed by Weisbord, namely: goals, structure, rewards, work procedures, relationships and leadership, will affect the effectiveness of the organization if efforts

are not made to develop the organization. Organizational guidance is a comprehensive system that seeks to apply behavioral science by using long-term sustainable development plans by developing strategies, structures and processes so that organizational effectiveness is achieved. Organizational guidance through diagnosis and organizational intervention is a planned effort to increase effectiveness.

4. Organizational Performance

Organizational performance is an indicator of the level of achievement that can be achieved and reflects the success of an organization, as well as the results achieved from the behavior of organizational members. Performance can also be said as a result (output) of a particular process carried out by all components of the organization against certain sources used (input). Performance is also the result of a series of process activities carried out to achieve certain organizational goals. For an organization, performance is the result of collaborative activities among members or components of the organization to realize organizational goals.

"Organizational performance is the totality of the work achieved by an organization achieving the goals of the organization means that the performance of an organization can be seen from the degree to which the organization can achieve goals based on the goals set previously". The results of work achieved by an agency in carrying out their duties within a certain period, both related to input, output, outcome, benefits, and impact with responsibility can facilitate the direction of structuring government organizations. The existence of the work achieved by the agency with full responsibility will be achieved effective and efficient performance improvement.

According to Sinambela (2012), organizational performance is cumulative employee performance, therefore the higher the employee's performance the higher the organizational performance. Meanwhile, according to Nasucha in (Sinambela, 2012), organizational performance is also defined as the effectiveness of the organization as a whole to meet the needs set by each group regarding systemic efforts and continuously improve the organization's ability to achieve their needs effectively.

Based on some of the opinions above it can be concluded that the essence of organizational performance is a picture of the results of the work of collaborative activities among members of the organization to achieve organizational goals that have been determined.

Understanding organizational performance refers to the ability of employees to carry out overall tasks that are their responsibility. These tasks are usually based on indicators of success that have been

applied. As a result, it will be known that an employee is at a certain level of work. The levels can vary in terms. Performance can be grouped beyond the target, according to the target or below the target. Departing from the things referred to as a whole for the work of an employee. Understanding organizational performance is a picture of the level of achievement of the implementation of a program of activities or policies in realizing the goals, objectives, vision and mission of the organization as outlined through the strategic planning of an organization (Moehriono, 2012: 60). Mangkuprawira (2011: 218-219) said that performance is a thing, or the level of the overall success of a person during a certain period in carrying out the task compared with various possibilities, such as work standards, targets, or targets or criteria that have been determined in advance and have been agreed together.

RESEARCH METHODS

1. Research Time and Location

The research will be conducted in October-December 2019 by taking location at PT. Praise Wise Achievement.

2. Research Design

This study uses an explanatory analysis approach. This means that each variable presented in the hypothesis will be observed through testing the causal relationship of the independent variable to the dependent variable. The relationship between variables can be described in the form of path analysis diagram as follows: The research conceptual framework can be explained as follows:

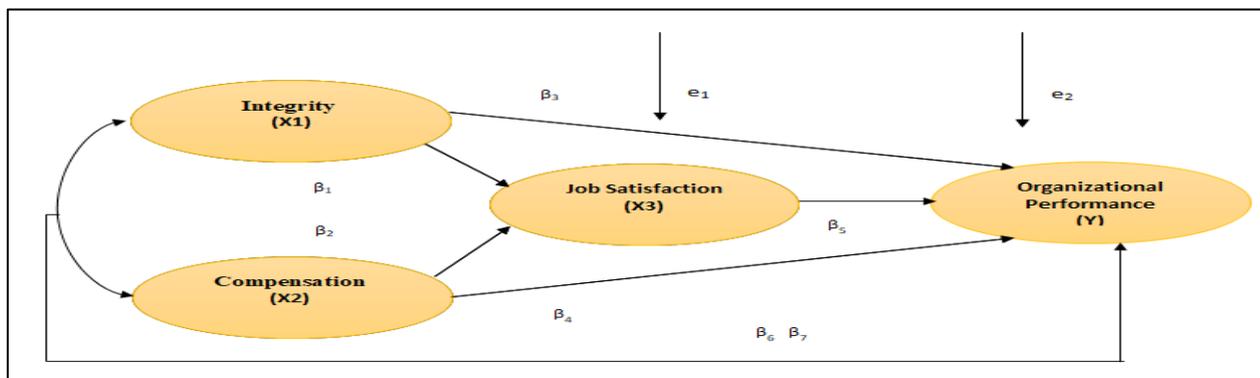


Figure1. Overall Path Analysis

3. Population and Samples

The population in this study is employees who work in the office of PT. Puji Bijak Prestasi. While the sample used includes 122 employees who work in corporate offices. This sampling uses the saturated sample method because it uses all employees in the company office.

RESEARCH RESULTS AND DISCUSSION

1. Partial Effect of Integrity on Organizational Performance

The results of the analysis of the effect of integrity on organizational performance partially note that the integrity coefficient is 0.581. T value of 7.812. The significance value is 0.00. This significant value is smaller than 0.05. This means that the variable of integrity affects partially organizational performance. The magnitude of the effect of integrity on organizational performance is known to the value of r squared of 0.337. This means that the effect of the integrity variable on performance is 33.7% and the rest is influenced by other variables not included in the equation model.

2. Partial Influence of Compensation Analysis on Organizational Performance

The results of the analysis of the effect of compensation on performance partially note that the compensation coefficient is 0.631. T value of 8.912. The significance value is 0.00. This significant value is smaller than 0.05. This means that the compensation variable partially influences organizational performance. The magnitude of the effect of compensation on performance is known to the value of r squared of 0.401. This means that the effect of the compensation variable on organizational performance is 40.1% and the rest is influenced by other variables not included in the equation model.

3. Partial Influence of Job Satisfaction Analysis on Organizational Performance

The results of the analysis of the effect of job satisfaction on performance partially note that the coefficient of job satisfaction is 0.874. T value of 19.707. The significance value is 0.00. This significant value is smaller than 0.05. This means that job satisfaction variables partially affect organizational performance. The magnitude of the effect of job satisfaction on organizational performance can be known as an r-square value of 0.764. This means that the effect of job satisfaction on organizational

performance by 76.4% and the rest is influenced by other variables not included in the equation model.

4. Analysis of the Effect of Integrity on Partial Job Satisfaction

The results of the analysis of the influence of Integrity on job satisfaction partially revealed that the integrity coefficient was 0.676. T value of 9,890. The significance value is 0.00. This significant value is smaller than 0.05. This means that the variable integrity affects job satisfaction partially. The magnitude of the effect of integrity on job satisfaction is known to the value of r squared of 0.449. This means that the effect of job satisfaction on organizational performance by 44.9% and the rest is influenced by other variables not included in the equation model.

5. Partial Effect of Compensation Analysis on Job Satisfaction

The results of the analysis of the effect of compensation on job satisfaction partially note that the compensation coefficient is 0.769. T value of 13.174. The significance value is 0.00. This significant value is smaller than 0.05. This means that the compensation variable affects job satisfaction partially. The magnitude of the effect of compensation on job satisfaction is known to the value of r squared of 0.591. This means that the effect of the compensation variable on job satisfaction is 59.1% and the rest is influenced by other variables not included in the equation model.

6. Analysis of the Effect of Integrity on Organizational Performance through Job Satisfaction Variables

Based on the partial path analysis it is known that the effect of integrity on organizational performance is 0.581. The influence of integrity on organizational performance through job satisfaction is $0.676 \times 0.868 = 0.585$. In this case, the indirect effect is greater than the direct effect so it can be said that the job satisfaction variable is intervening.

7. Analysis of the Effect of Work Compensation on Organizational Performance Through Job Satisfaction Variables

Based on the partial path analysis it is known that the direct effect of compensation on organizational performance is 0.631. While the effect of compensation on organizational performance through job satisfaction is $0.767 \times 0.868 = 0.672$. In this case, the direct effect is smaller than the indirect effect so it can be said that the job satisfaction variable is intervening.

DISCUSSION

In previous studies, Integrity affected organizational performance. The higher the integrity, the greater the organizational performance. In other words, this influence is positive or unidirectional. This research was conducted at several companies (Rani, 2018). The results of this study are the same as the

results of the research, the higher the integrity, the greater organizational performance.

In this study, compensation affects compensation. The effect of compensation on organizational performance was also carried out on several researchers. Based on research it is known that compensation influences organizational performance (Nawa, 2018).

In previous studies, job satisfaction affects organizational performance. Job satisfaction is also done in several studies. The higher job satisfaction for employees, the greater organizational performance. This influence is also positive (Tentama, 2015). The results of this study are the same as in previous studies.

CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions

Integrity variables affect organizational performance partially. The influence of the Integrity variable on performance is 33.7% and the rest is influenced by other variables not included in the equation model.

The work compensation variable influences partially organizational performance. The effect of the workers' compensation variable on organizational performance is 40.1% and the rest is influenced by other variables not included in the equation model.

Job satisfaction variables partially affect organizational performance. The influence of job satisfaction on organizational performance is 76.4% and the rest is influenced by other variables not included in the equation model.

Integrity variables affect job satisfaction partially. the value of r squared is 0.449. This means that the effect of job satisfaction on organizational performance by 44.9% and the rest is influenced by other variables not included in the equation model.

The compensation variable influences job satisfaction partially. the value of r squared is 0.591. This means that the effect of the compensation variable on job satisfaction is 59.1% and the rest is influenced by other variables not included in the equation model.

The effect of integrity on organizational performance is 0.581. The effect of integrity on performance through job satisfaction is $0.676 \times 0.868 = 0.585$. In this case, the indirect effect is greater than the direct effect so it can be said that the job satisfaction variable is intervening.

The effect of workers' compensation on organizational performance through job satisfaction is $0.767 \times 0.868 = 0.672$. In this case, the direct effect is smaller than the indirect effect so it can be said that the job satisfaction variable is intervening.

2. Recommendations

In improving organizational performance it is necessary to develop integrity, compensation and job satisfaction. Work integrity is developed by taking into account the needs of workers in the company.

To improve organizational performance compensation also needs to be considered. Compensation is considered by taking into account the amount of salary received by company employees whether or not sufficient for employees and their families.

Meanwhile, to improve organizational performance also needs to be considered employee satisfaction at work. Satisfaction must be considered in terms of income and career advancement of employees.

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